CAXTON&CTP publishers & printers LIMITED

Integrated Annual Report 2016

Caxton and CTP Publishers and Printers Limited is a major publisher and printer of books, magazines and newspapers in South Africa

Caxton and CTP Publishers and Printers Limited is driven by the quest for excellence across all disciplines of publishing and printing, working with a team of committed, well-trained and empowered employees. We aim to provide products of outstanding quality to our clients and superior returns to our shareholders whilst contributing to the growth of a democratic and prosperous South Africa.

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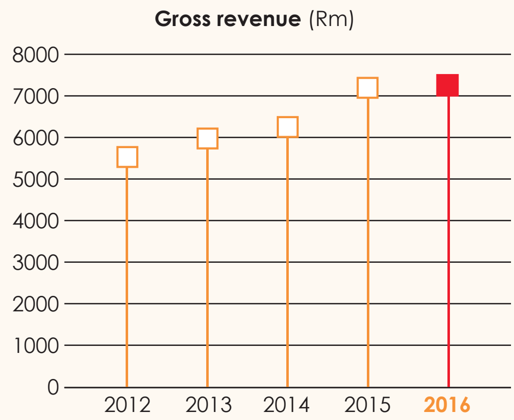
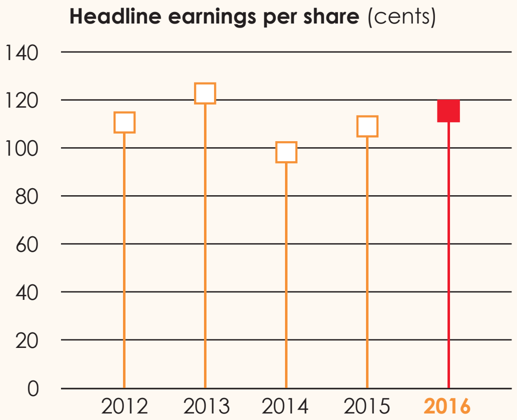
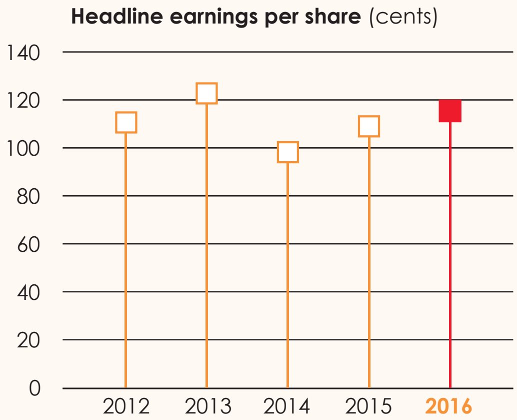
HIGHLIGHTS

- Turnover ***R7 246 million***
- Profit before tax ***R590 million***
- Cash generated by operations ***R665 million***
- Cash resources ***R2 018 million***







HIGHLIGHTS – FIVE YEARS TO 30 JUNE 2016

		2016 Rm	2015 Rm	2014 Rm	2013 Rm	2012 Rm
STATEMENT OF COMPREHENSIVE INCOME AND CASH FLOW						
Gross revenue		**7 246**	7 194	6 250	5 984	5 569
Operating profit before depreciation and amortisation		**762**	758	690	837	747
Finance income		**129**	117	104	105	109
Profit attributable to equity holders of parent		**448**	423	427	491	437
Headline earnings per share	(cents)	**116**	109	98	123	110
Cash generated by operations		**665**	767	750	847	788
STATEMENTS OF FINANCIAL POSITION						
Shareholders' equity		**5 579**	5 297	5 029	5 397	4 899
Total assets		**7 050**	6 690	6 319	6 691	6 070
Cash and cash equivalents		**2 018**	1 989	2 222	1 418	1 809
OTHER INFORMATION						
Weighted average number of shares in issue	(000's)	**397 982**	396 463	406 494	422 657	416 999
Net asset value per share	(cents)	**1 406**	1 337	1 283	1 277	1 175
Number of employees		**6 310**	6 434	6 053	6 025	5 910

DIRECTORATE

EXECUTIVE

TD Moolman (72) **(Chief Executive Officer)**
Terry is the founder of Caxton and CTP Publishers and Printers Limited.

TJW Holden (52) **(Managing Director)**
(Acting Financial Director) BCom, CA(SA)
Tim joined the group as group general manager: finance in 2003 and was appointed as financial director in 2006. He is a qualified chartered accountant and has had a number of years' experience in the retail and manufacturing industries. Tim has been the financial director of a number of companies. In addition, he has also held a number of senior and executive operational posts within these companies.

PG Greyling (59) **(Deputy Managing Director)**
BCom, Hons BCompt
Piet is a former chartered accountant who spent most of his earlier career in the accounting and auditing profession. He joined the group in 1992 and is currently CEO of the group's newspaper division.

NON-EXECUTIVE

PM Jenkins* (57) **(Chairman)**
BCom, LLB
Paul qualified at Randse Afrikaanse Universiteit in 1981 with a BCom and LLB degree and was admitted as an attorney and notary in February 1986. He became a partner of Webber Wentzel in 1988 and left his position as senior commercial legal partner in 1999 to join the Johnnic group full-time. In this capacity he served as a director of numerous listed companies and was CEO of Johnnic Entertainment. He is currently self-employed and provides business and legal advisory services to a select group of clients.

ACG Molusi* (54)
BJournalism, MA
Connie has been involved with the media industry for many years and holds a number of directorships.

NA Nemukula* (61)
Albert qualified as a teacher and has a marketing sales diploma. He has taught at various high schools and was responsible for marketing and publishing at Juta & Co.

He has several business interests in publishing and printing, jewellery and retail stores.

J Phalane* (41)
BA, LLB, MCom (Tax)
Jack qualified as a teacher in 1996 and then went on to study at Wits University where he graduated with a BA, LLB, and LLM degrees. He also obtained an MCom (Tax) degree from the North-West University (Potchefstroom) in 2006.

He became a partner at Fluxmans in 2007. He practices as a commercial attorney at Fluxmans, specialising in Mergers and Acquisitions. He is also a member of the Tax Board Panel.

T Slabbert* (49)
BA, MBA
Tania is a co-founder and non-executive director of WDB Investment Holdings and previously served as its CEO for 12 years. She also serves as a non-executive director on the board of Bidvest, is a Trustee of the BPSA Education Foundation and is the Chairman of the WDB Seed Fund. Her previous directorships include Discovery, BP South Africa, Rennies Travel, Paracon, National Small Business Development Council and the Lilliesleaf Trust.

** Independent non-executive*

MANAGING DIRECTOR'S REPORT

GROUP PERFORMANCE

Earnings

The previously predicted difficult trading conditions prevailed in the second half of the financial year, led by declining economic growth and increasing raw material costs on the back of a deteriorating exchange rate. The group has managed to limit the impact of these factors on profitability, resulting in net profit from operating activities declining by 2,1% to R445,6 million from R455,0 million.

Revenue growth continues to be hampered by the prevailing low growth environment and showed a marginal growth of 2,3% to R6,405 billion. The newspaper division has shown resilience and has reflected encouraging revenue growth which is a reversal of the trend in the national newspaper environment. This, however, was offset by continued decline in magazine revenue both from declining circulations and advertising revenue.

Raw material input costs, as predicted, increased in the second half of the financial year as a result of the significant depreciating rand exchange rate. This put pressure on margins in a number of our divisions as there is typically a lag period to recover such large cost movements from the customer base.

Staff costs and other operating expenses continue to be well controlled, increasing marginally year on year.

Profit from operating activities amounted to R762,3 million similar to that achieved in the prior period. However, if the one-off IFRS 2 share-based expense of R43,2 million reflected in the prior period is excluded, then profit from operating activities would have declined by 4,8%. Depreciation increased from R280,7 million to R289,2 million, while impairment of plant accounted for R27,6 million, which included the impact from the reorganisation of the Gauteng packaging operations that is currently under way.

Net finance income increased by 13,8% to R126,9 million reflective of the increasing interest rate environment.

Net income from associates has declined from R30,2 million to R17,6 million as a result of a one-off profit from a property sale in the prior period and declining performance from Cognition Holdings.

Profit before taxation of R590,1 million is similar to that of the prior year. Taxation at an effective rate of 22,7% absorbed R134,1 million which resulted in profit after taxation of R456,1 million, an increase of 5,1%.

The weighted average number of shares in issue of 397 982 185 resulted in earnings per share of 112,5 cents, an increase of 5,3% and headline earnings per share of 116,4 cents , an increase of 7,0%. Excluding non- recurring items, being the one-off IFRS 2 share-based expense and business interruption insurance claim, adjusted earnings per share declined by 6,8% and adjusted headline earnings per share declined by 5,1%.

Cash Flow

Fair value of cash and cash equivalents amounted to R2,0 billion, an increase of R29,4 million over the prior year. Cash generated by operations of R758,0 million is similar to that achieved in the prior year and is reflective of the resilience of the group's cash generating ability. Working capital absorbed R111,1 million, mainly as a result of extended settlement terms given to certain large blue-chip customers to combat offers by competitors and a certain large customer paid late over the financial year. In addition, the group increased its dividend payment by 10% to R266,0 million.

Capital expenditure amounted to R353,0 million and was mainly applied to the packaging operations to replace and upgrade old technology and investment in infrastructure to facilitate the reorganisation of the Gauteng packaging operations. The benefits of this investment will be felt once the restructure is completed and significant cost savings realised. This also includes the expenditure made on the new web offset press in the book printing division that is showing large improvements in efficiencies. Capital expenditure for the forthcoming financial year is expected to show a marked decrease as all facilities have reached the end of their investment programmes.

A limited number of investments was made in the financial year and include the following:

- The purchase of Times Media's CD/DVD replication business for R19,2 million.
- The acquisition of a 25% stake in Octotel Proprietary Limited, a fibre to home operation.

DIVISIONAL PERFORMANCE

Publishing, printing and distribution

Newspaper Publishing and Printing

The group's local newspaper business performed admirably in difficult trading conditions and is testament to the resilience of local media and the solutions these media products present to advertisers. National advertising revenue performed exceptionally well and this has meant that profitability has been maintained. If it were not for the weak economies in some regions, profitability would have improved.

The pleasing factor of this performance is that the key Gauteng local newspapers grew turnover and profitability, which is a turnaround from the performance reported on in the last financial year. However, in contrast, our regional papers were impacted by the declining local economies especially in those areas dominated by mining and steel manufacture. As these economies stabilise we expect a reversal of this performance.

The previously reported digital developments have been formally launched across all of the local media platforms with the focus now shifting to develop the sales strategies that complement both the physical and digital format. There is an expectation that in the next financial year, the monetising of these digital platforms will show some growth.

The market for national newspaper publications continues to decline and shows no sign of stabilisation. The group is fortunate that in its stable of media assets there is only one national newspaper, *The Citizen*. Having said this, *The Citizen* performed in line with expectations. The decline in daily and weekly newspapers is, however, felt at our newspaper printing division where significant reductions in copies and paginations are evident. This decline in volumes would have had a more pronounced effect on profitability had the division not done well to partly substitute the lost revenue with other commercial work, albeit at lower margins.

Magazine Publishing and Distribution

The magazine division continues to face challenges with the lack of growth in the general economy. Consumers have less disposable income for discretionary items like magazines and are more selective in the number of copies bought, whether in physical or digital format. At the same time advertising budgets remain constrained resulting in advertising revenue decline and the outlook remains unchanged.

In these conditions the focus is on providing strong, relevant editorial content while containing costs and ensuring we can offer our audience and advertisers multiple platforms to ensure any revenue opportunities are effectively capitalised on.

The group's distribution business, RNA, has had a successful year in further diversifying its revenue stream. The business is now the leading distribution partner for CDs and DVDs, as a result of the increase in its customer base. In addition, it has created a merchandising capability to provide merchandising services to its growing customer base. The continued success of this business will be determined by its ability to grow alternative revenue streams that can leverage off its current infrastructure. Currently the division has started with book distribution and has other opportunities that are being evaluated.

COMMERCIAL PRINTING

Web and Gravure

There has been an extremely pleasing improvement in profitability where the benefits of the restructured operations were felt in the first half of the financial year, while the second half faced a tougher environment. Increasing raw material input costs and a lag period to pass those on, combined with subdued demand from key customers, meant that the second half of the year showed no growth.

Book Printing

This division performed well and produced an improved financial result compared to the previous year, even though revenue declined as the uncertainty in the educational market and reduced textbook expenditure by government continues. Education publishers face enormous challenges as a result of the reduction in spend and the unpredictable purchasing from government. The commissioning of the new web offset press has contributed to this improved performance by improving efficiencies, reducing waste and creating a more flexible print environment which this division can capitalise on in the short-run book market and magazine market.

PACKAGING

The second half of the financial year proved to be a difficult period which resulted in an annual decline in earnings, a reversal of the position at the half year reporting period. This period was characterised by declining demand as well as margin pressure as a result of increasing raw material input costs.

MANAGING DIRECTOR'S REPORT
continued

The group's gravure packaging divisions have performed well, benefiting from increased demand from our major customers. However, this was offset by the performance of the other divisions that felt the full impact of the declining demand in those markets, lost business due to competitor activity and margin pressure.

The necessary investments in plant and infrastructure have been made to facilitate the restructure of the Gauteng packaging operations that is currently under way, with a proposed completion date towards the end of June 2017. This restructure will streamline operations, and will remove excess capacity and significant costs as the process unfolds.

OTHER

The stationery business has performed well, growing revenue and profitability. During the year, the group concluded the purchase of the Times Media CD/DVD replication plant and is in the process of integrating the operation with our facility which will be concluded by the end of January 2017. This will create the only long run replication facility in the country and the necessary economies of scale to ensure sustainability in the medium term.

DIVIDENDS

The board has declared a dividend of 70,0 cents (2015: 65,0 cents) per ordinary share (gross) and a preference dividend of 570,0 cents (2015: 530,0 cents) per share (gross) for the year ended 30 June 2016.

PROSPECTS

The current low growth economic environment is expected to continue for the next reporting period and will hamper any meaningful growth in revenue for the group .The focus will therefore continue to be cost containment, improving underperforming divisions and taking advantage of any possible acquisitions.

TJW Holden
Managing Director

Johannesburg
26 October 2016

TEN-YEAR REVIEW – SALIENT FEATURES

		2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Gross turnover	(Rm)	**7 246**	7 194	6 250	5 984	5 569	5 056	4 771	4 747	4 804	4 752
Profit before taxation	(Rm)	**590**	597	545	686	633	672	510	495	788	830
Profit from operating activities after depreciation before impairments	(Rm)	**473**	477	430	596	520	546	471	410	646	705
Weighted average number of shares in issue during the year	(000's)	**397 982**	396 463	406 494	422 657	416 999	457 252	465 987	465 995	470 990	480 328
Earnings per share	(cents)	**113**	107	105	116	105	101	76	181	128	127
Headline earnings per share	(cents)	**116**	109	98	123	110	106	76	87	124	122
Dividends per ordinary share	(cents)	**70**	65	60	55	50	40	40	40	52	50
Dividend cover	(times)	**1,6**	1,6	1,7	2,1	2,1	2,5	1,9	4,9	2,7	2,5
Ordinary shareholders' equity	(Rm)	**5 523**	5 240	4 976	5 347	4 856	5 031	4 917	4 774	3 821	3 766
Net current assets	(Rm)	**2 887**	2 824	2 833	2 075	2 371	2 263	2 268	2 193	1 582	1 500
Net asset value per share	(cents)	**1 406**	1 337	1 283	1 277	1 175	1 107	1 060	1 029	815	787
Number of employees		**6 310**	6 434	6 053	6 025	5 910	5 850	5 652	5 664	5 874	5 959

SUSTAINABILITY REPORT

APPROACH TO SUSTAINABILITY

Caxton and CTP Publishers and Printers Limited has, for a number of years, adhered to the precepts of socially responsible investment and has previously been recognised for its efforts in this regard. Our integrated annual report reflects our progress in making a positive contribution to our shareholders, customers, suppliers, employees and local communities.

In addition to enhancing shareholder value, we use our resources to make a difference by financially assisting educational institutions, promoting health and wellness in our operations and continually training and supporting our employees by offering them access to new opportunities. These issues are only part of an holistic view that also extends to societal and environmental issues.

SCOPE OF REPORT

This report reflects the company's drive towards facilitating positive transformation in the company, as well as in South African society and its economy. This journey is one of continued improvement in addressing sustainability issues facing the company and the Transformation Committee continues to review this progress and also the factors inhibiting such progress towards a more transformed workplace. The major focus areas continue to be around skills development and training to ensure the company can provide new talent that also contributes to the transformation of the workplace.

Sustainability performance in this report spans the 12 months from July 2015 to June 2016.

STANDARDS AND CERTIFICATION

CTP Printers Johannesburg and CTP Printers Cape Town are FOGRA process standard offset (PSO) certified. The FOGRA PSO certification is achieved with consistent and predictable colour reproduction to ISO 12647-2 standards.

FOGRA works with, and is associated to, the German Print Federation ("GPF") and thus the standards that are set are endorsed by the European printing community. In order to attain the certification, 70% is required as a minimum standard from all aspects that are tested. CTP Printers Cape Town became the first print company in Africa to receive this prestigious printing certificate.

CTP Printers Cape Town (FSC-C017578), SA Litho Label Printers (FSC-C084368) , CTP Packaging (FSC-C108896) and CTP Cartons and Labels (FSC-C115826, FSC-C124452) have also attained the Forestry Stewardship Council® (FSC®) Chain of Custody certification. This allows these divisions to produce work carrying the FSC logo and provides assurance that these products contain raw material from responsibly managed forests and controlled sources.

SA Litho, CTP Cartons & Labels, CTP Flexibles are all ISO 9001:2008 certified (quality management system).

SA Litho is ISO 22000 certified (secondary food packaging certification) while CTP Cartons & Labels and CTP Flexibles are all ISO FSSC 22000 certified (primary food packaging certification). The FSSC 22000 Food Safety System Certification provides a framework for effectively managing an organisation's food safety responsibilities. FSSC 22000 is fully recognised by the Global Food Safety Initiative (GFSI) and is based on existing ISO Standards. It demonstrates that our divisions have a robust Food Safety Management System in place that meets the requirements of customers and consumers. The FSSC 22000 food safety certification is a prerequisite for suppliers of all major food and beverage brands – major brands will not entertain business with suppliers who do not have this certification as a minimum. In the Packaging arena, this means that our customers can use our packaging for direct food contact applications, and be secure in the knowledge that we have met the necessary food safety requirements, ensuring that our packaging is contaminate free.

EMBEDDING SUSTAINABILITY

Our approach to sustainability has a direct impact on the bottom line and we recognise that failure on our part to manage risks could have an adverse effect on performance, results and our reputation.

Committees

We have a Social and Ethics Committee, chaired by the chairman of the Board, which ensures that the best interests of not only the shareholders, but also the community, employees, customers and suppliers are met. This committee meets on a regular basis to consider developments with regard to legislative changes (compliance with the Employment Equity Act and B-BBEE Act); good corporate citizenship; health and safety, and other labour and employment issues. In addition, the Transformation Committee which functions as a policy-making body to monitor the various elements of the BEE scorecard meets on a monthly basis.

This forum, chaired by the managing director, comprises senior management who represent the main business sectors in the company. Progress with regard to transformation is reviewed later in this report.

HEALTH, SAFETY AND ENVIRONMENT

In order to provide and maintain as far as possible a work environment that is safe and without risk to our employees and public that visit our premises, every division is responsible to ensure that the company's health and safety policy is adhered to.

Equally, we are committed to protecting and conserving the natural resources on which our business depends by continuously improving our environmental performance.

The company has adopted a preventative and proactive approach to the healthcare of its employees by providing on-site medical facilities.

Employee wellness

Many sites of the company have a permanent occupational healthcare practitioner, in addition to a medical doctor who is available on site every week for consultation. The wellness programmes include addressing issues pertaining to ill-health, family planning, substance abuse and HIV/Aids educational programmes. Voluntary HIV testing is available on request to employees, with referral assistance to clinics for treatment and counselling.

Employee relations

Each workplace has a workplace committee that focuses on monitoring the implementation of the Employment Equity Plan as well as the Workplace Skills Plan and Annual Training Report. This committee meets at least quarterly. The re-evaluation of each position in the group continues.

Each job will also have a detailed job description, which will assist the company in identifying training needs and performance issues and improve succession planning.

Environment

As a member of the printing, publishing and packaging industries we are aware of the adverse impact that our printing processes have on the environment and we are therefore taking measures to reduce our carbon footprint.

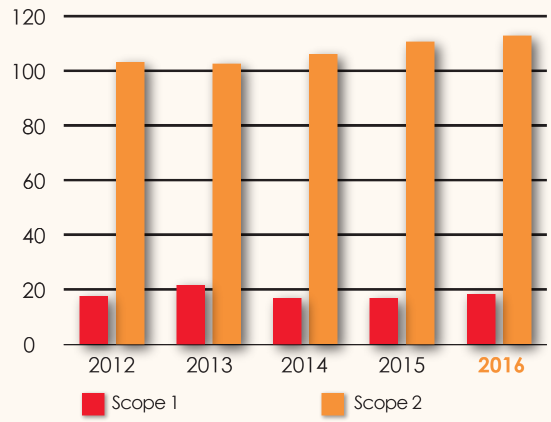
Greenhouse gas emissions

The company acknowledges that the climate is changing and this change can be attributed in part to human activities. We recognise that our operations contribute to climate change and that we have a responsibility to minimise our own impact and to adapt to the risks of climate change upon our business.

Electricity usage is the biggest contributor to our greenhouse gas emissions. We are constantly striving to reduce our electricity consumption by installing more energy efficient plant and machinery, conducting energy efficiency audits and being more conscious in our usage of energy. This has included installing after-burners and power-saving switches.

Our greenhouse gas emissions for 2015/2016 were:

Greenhouse gas emissions (tonnes)



Explanation
Scope 1: Direct GHG emissions from sources that the company owns or controls
Scope 2: Indirect GHG emissions from the generation of purchased electricity consumed by the company

These results have been verified by the company's internal audit department.

Overall emissions increased marginally by 2,8% during the current financial year. This increase is satisfactory when compared to the levels of printing activity and is also as a consequence of our emission reduction initiatives.

During the past financial year our factories have continued with the programme of replacing light fixtures with energy-saving fittings and are engaged with Eskom's IDM programme on their co-operative initiative to promote further reductions in electricity usage.

CTP Printers Cape Town commissioned a new 32-page Lithoman IV heatset web offset press which had led to a reduction in energy and emission reduction. Gas reduction using the new oven drying technology results in a saving of up to 75% and CO_2 emissions have decreased from 216 tons CO_2 to 94 tons, a reduction of 56,5%.

Thuthuka Packaging substituted its solvent-based varnish for a water-based varnish and reduced its solvent emissions by 46% in the current financial year.

CTP Newspapers completed its final phase of installing LED lighting throughout its factory with a resultant decrease in electricity usage.

All waste paper, reel cores, plastics, effluent, copper, solvents and chrome waste used in the manufacturing process is collected, segregated and recycled.

In partnership with Global Carbon Exchange, the company is exploring alternative methods of sustainable energy generation, including solar power. Over and above these initiatives, the company continues to invest in new technology to reduce energy consumption and promote sustainability.

BROAD-BASED BLACK ECONOMIC EMPOWERMENT

The Amended BEE Codes of Good Practice 2013 came into effect in May 2015. The CTP Limited BEE audit, applying the 2013 Codes, took place in April 2016 which resulted in a BEE Level 4, equating to 100% BEE procurement recognition. CTP Limited is also an Empowering Supplier, which is an additional requirement under the Amended Codes in order for a BEE certificate to be used for procurement purposes.

The Transformation Committee, headed by the Managing Director meets on a monthly basis to monitor existing and implement new initiatives. In addition, feedback is provided to the Board and Audit Committee on progress regarding transformation on a six monthly basis.

Ownership and management control

CTP Limited's Black Ownership is measured using the flow through principle from the JSE listed entity, Caxton and CTP Publishers and Printers. Black Ownership was measured as 17,78% and Black Female Ownership as 6,28%. The changes to the BEE Codes require that Employment Equity, with reference to Senior Management, Middle Management and Junior Management occupational levels, are measured using the national Economically Active Population statistics as opposed to grouping all Black employees together for measurement purposes. Therefore the company recruitment efforts continue to focus on improving the representation of African Males and African Females in all management occupational levels. The other categories, namely Coloured males, Indian males, Coloured females and Indian females are better represented with the required economically active population targets, but overall black representation in all managerial levels continues to be a challenge for the company. Since 2011, black representation, as a percentage of total employees, increased from 66% to 73%.

Skills development

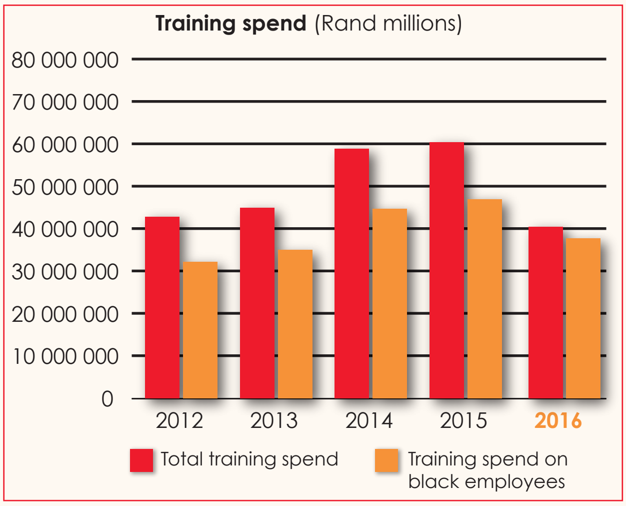
The continued investment in the development of employees training and upskilling is a priority for the company. The main focus is on apprenticeships, learnerships and bursaries for employees.

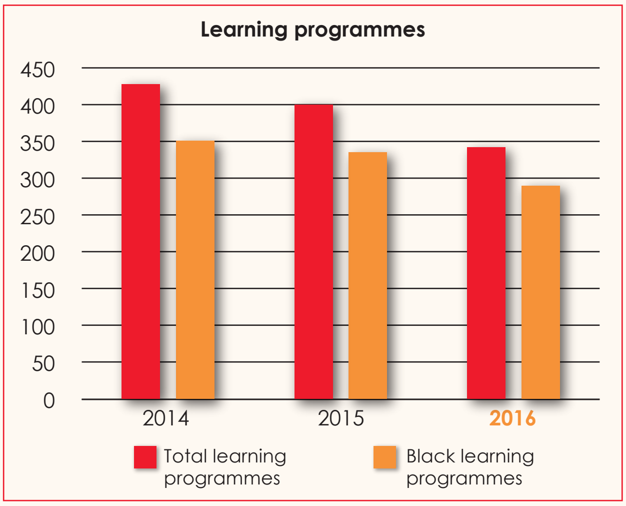
The Amended BEE Codes require 6% of annual Skills Development Levy as the target. In addition, training is also required to be spent in line with the national economically active population targets per race and gender of the workforce. This changed requirement will lead to the company refocussing its training spend to specific race groups by gender in order to obtain the points available for the skills development element of the BEE scorecard. As many of the current learners are on three year apprenticeships, re-allocating funding to the race groups and gender targets will take a few years to implement.

The CTP Graduate programme is a work experience initiative for recent graduates that enable them to get valuable work experience at the various divisions after graduating. A total of 57 graduates has been part of the CTP Graduate Programme since July 2011. Black graduates have made up 93% and 63% have been Black females. The disciplines from which recruitment is made include marketing, accounting, industrial engineering, electrical engineering, journalism and logistics. Each graduate is allocated to a mentor who provides support, guidance and practical exposure in the workplace. A majority of the graduates are offered permanent positions after completing their graduate year.

The CTP Bursary Programme has been in place since 2011. In 2015, three employees completed Masters' programmes, of which two were MBAs. The bursary programme is aimed at employees who are earmarked for further development and possible promotion into various managerial levels. Out of the 77 bursaries awarded over the past five years, 54 were awarded to Black employees.

The successful Printing and Packaging Bridging Programme that was developed in conjunction with Novus Media and Printing SA, with funding support from the FP & M Seta, introduced young learners to the printing and packaging industry by providing them with the basic theory of the industry and life skills, before four months' work experience. CTP Printers in Cape Town placed interested learners on a





formal apprenticeship programme – the ultimate goal of this initiative.

As the Amended BEE Codes provide opportunities for companies to train not only Black employees, but Black people as well, the company will look at increasing the intake of unemployed learners. Training disabled employees continues to be a challenge due to the limited number of disabled employees in the workforce. Vacant positions will be evaluated to determine their suitability for people with disabilities and where possible, such positions will be filled with disabled employees.

Preferential procurement

The Amended Codes have increased the importance of compliant procurement from BEE suppliers because the element is worth 25 points, the same as for ownership. The 40% minimum required for this priority element and the 14 points available for procuring from at least 51% black owned and at least 30% black female-owned suppliers is very important. The largest divisions are reviewing their existing supplier lists, engaging with their suppliers regarding their current and future BEE level and empowering supplier status to ensure that the company continues to procure from suppliers who are BEE compliant.

Enterprise and supplier development

The enterprise and supplier development spend has remained consistent and continues to focus on assisting smaller beneficiaries who have a turnover of less than R10 million. Focus remains on providing these types of suppliers with administrative support, insurance, and reliable transport.

Enterprise development beneficiaries with a turnover of less than R10 million were identified for free advertising within the Gauteng area. Feedback from these beneficiaries indicate the huge value of this free advertising to their businesses and this initiative will continue.

Socio-economic development

Socio-economic development initiatives focus on supporting various charities, schools within the geographical areas in which the company operates, the homeless and HIV/Aids organisations. In addition to free advertising to organisations such as CHOC, SANCA and CANSA, support is provided to a skills development and training centre with a maths and science project. The company prints a small local newspaper for an NGO free of charge and in addition prints Homeless Talk which provides work opportunity for over 200 unemployed people.

A few examples of SED initiatives at individual divisions are:

CTP Printers Cape Town

CTP Printers Cape Town sponsors the Cape Leopard Trust with printing of educational material and its annual financial statements and is working on a partnership with the Department of Basic Education to sponsor libraries.

RNA Distribution

RNA contributes monthly towards a school feeding scheme within the area in which it operates, and magazines are donated to two primary schools to encourage literacy amongst the youth.

CTP Printers Johannesburg

CTP Printers Johannesburg continued its support of charities with free printing for Reach for a Dream, financial support to various community football teams, as well as supplying local schools and crèches with paper and booklets.

SA Litho

SA Litho seeks to actively give back to the surrounding community. In 2012, the division partnered with Peninsula School Feeding Association to adopt Ravensmead Secondary School's feeding kitchen. This relationship continues to grow, feeding over 250 learners per day, and will continue to do so in the coming years. Since 2016, SA Litho has continued to develop the relationships with Peninsula School Feeding, by adopting a further two schools, namely Plantation Primary and Kasselsvlei Secondary School. Cumulatively, on any given day, SA Litho is responsible for ensuring that approximately 500 children get two balanced meals a day. In 2016, along with CTP Cartons and Labels and CTP Flexibles, SA Litho staff packed nutritional food hampers with FoodBank SA in support of Mandela Day. In 2014, SA Litho's desire to help, especially children, led to a drive to pack gift boxes, filled with necessities and treats, for a home which provides shelter, care, and empowerment for destitute, abused and disadvantaged mothers and their children. In 2016 another home was adopted and assisted.

CTP Flexibles

CTP Flexibles proudly sponsors Westville Primary school in Mitchells Plain and Elswood Secondary school in Elsies River, through the Peninsula School Feeding Association; we ensure that the learners are fed two wholesome meals a day and currently feed approximately 400 children daily.

Caxton Local Media

Through our 140 plus Newspapers, 13 GET IT Magazines and 81 title sites, Caxton Local Media gets involved with various charities driving core CI projects within the communities they serve. Two examples of these are the DICE project in Zululand, promoted by the Zululand Observer, where the whole community and local businesses are involved in this charity programme with the beneficiaries being the children of the Zululand district and the beautiful Labyrinth which was recently constructed in the Lowveld Botanical Garden in Nelspruit for the people of Nelspruit through the Lowveld GET IT team and local business people in this district.

Caxton Works

At the newspaper printing facility in Johannesburg we support the people living within the Bosmont area bordering our factory through an NPO called Itshepeng. This includes a monthly contribution to a soup kitchen, quarterly contributions to a learning support programme for Grade 11 and 12s for maths and science and separate annual Christmas parties for the elderly and kids within this community.

We support a small print publication in Johannesburg known as Homeless Talk, which addresses the serious issues facing the homeless in our city. Caxton Works prints this newspaper once a month in support of Homeless Talk at no charge as well as delivers it to their distribution centre. The proceeds are used to support their families and in most instances is their only source of income.

Other

- The Company became a media partner for The CEO SleepOut campaign. As part of our involvement in this project, Sun International and Caxton produced a coffee table book entitled Empathy. The book, which was compiled by the CEO SleepOut Trust, told the stories of numerous homeless people including illustrative pictures by photographer Debbie Yazbek. We printed this book at our Cape Town book factory at no charge. Proceeds from the sales of this book were passed on to the Salvation Army.

  As part of the programme, Caxton Printers also printed an insert for Homeless talk, entitled Hopetalk. The advertising revenue from the supplement was allocated to Homeless Talk to assist them with expanding the good work they are doing.

  We also provided extensive marketing to an extension of the CEO SleepOut, in the form of a school sleepout.

- The company and South African National Parks (SANParks) signed a five-year media sponsorship agreement in April 2013.

The sponsorship marks the company's largest social investment initiative with the aim to support the sustainable development and conservation of South Africa's natural and cultural heritage. As the leading conservation authority in the country, SANParks protects millions of hectares of unique environments, divided into 19 national parks. Among these are the celebrated Kruger, Table Mountain, Garden Route and Kgalagadi National Parks.

The company has committed the group resources and all of its publications to provide SANParks with print and digital media support, publicity and exposure. In addition, a seasonal publication, the SANParks Times, with a current print order of 160 000 copies, was launched in September 2012. The product is available for free to the public, and is distributed by RNA Distribution to all national parks and a selection of over 300 strategically situated points in South Africa. The electronic magazine was launched in 2013, and is available at www.sanparkstimes.co.za.

The company's sponsorship is worth many millions of rands annually and is a powerful marketing tool for SANParks. The coverage across all the titles highlights a broad spectrum of tourism activities and educates readers on important environmental matters as well as the way in which SANParks continually strives to meet its vision of "connecting to society".

CORPORATE GOVERNANCE AND RISK MANAGEMENT

KING III

The Board of Directors supports the principles set out in the King III Report on Corporate Governance and is committed to the implementation of these principles. The company is listed on the JSE and complies with its Listings Requirements, to the extent applicable to the company.

Set out below is an explanation of the measures introduced by the company pursuant to the King Code and the Listings Requirements.

A full analysis of the King III application can be viewed on our website under the "Company Information – Annual Financial Statements" heading at www.caxton.co.za.

The ultimate controlling shareholder of the company is Mr TD Moolman, who is also the Chief Executive Officer ("CEO") of the company. The executive directors of the company advise on, develop and implement the company's business strategy, in conjunction with the Board. By virtue of Mr Moolman's control of the company and him being the CEO, Mr Moolman has a significant influence on the strategic direction of the company.

BOARD OF DIRECTORS

The Board of Directors currently comprises eight directors. The majority of these directors is non-executive and, in turn, a majority of the non-executive directors, including the chairman, is independent.

The appointment of directors will be undertaken by the Board in a manner which is formal and transparent.

The Board does not consider that a nominations committee is appropriate. If a vacancy arises, the Board will develop the criteria for the required candidate. The Board will ensure that the composition of its members reflects the appropriate mix of skills and experience required by the company.

The Board has adopted a formal charter in line with King III which has been implemented to:

- identify, define and record the responsibilities, functions and composition of the Board; and
- serve as a point of reference for new directors.

The Board believes that its members have the expertise and experience to fulfil their obligations to the company.

The Board has a minimum of four meetings a year. In addition, the Memorandum of Incorporation of the company provides for material decisions taken between meetings to be confirmed by way of directors' written resolutions.

Attendance at Board meetings				
	Oct 15	Feb 16	May 16	Aug 16
PM Jenkins	✓	✓	✓	✓
TD Moolman	✓	✓	✓	✓
GM Utian	A	A	A	R
PG Greyling	✓	✓	✓	✓
TJW Holden	✓	✓	✓	✓
ACG Molusi	✓	✓	A	✓
NA Nemukula	✓	✓	✓	✓
J Phalane	✓	✓	✓	✓
T Slabbert	✓	✓	✓	✓

A: *Apology*
R: *Resigned 20 May 2016*

The Board of Directors has the following sub-committees:

Audit and Risk Committee

The Audit Committee has adopted a written charter based on the Companies Act 71 of 2008 ("the Companies Act") and the approved Memorandum of Incorporation. The Audit Committee members have considered and are of the opinion that they are adequately independent from the company and group and management thereof, within the full spirit of the Code of Corporate Practices and Conduct.

The independent auditor has unrestricted access to the committee.

The Audit and Risk Committee comprises independent non-executive directors only, in compliance with King III. The Audit and Risk Committee is separately nominated for appointment by the shareholders in compliance with the Companies Act.

The Audit and Risk Committee has discharged all of those functions delegated to it in terms of its Charter and its terms of reference, and as envisaged in terms of the Companies Act.

During the period under review, the Audit and Risk Committee:

(a) met on three separate occasions to review, *inter alia,* the year-end and interim results of the company as well as to consider regulatory and accounting standards compliance;

(b) considered and satisfied itself that the external auditors are independent, satisfied itself that the fees payable to the external auditors were appropriate and recommended the external auditors for appointment for the following financial year;

(c) determined the non-audit-related services that the external auditors are permitted to provide to the company. This included pre-approving all non-audit related service agreements concluded between the company and the external auditors;

(d) confirmed the 2016 financial year audit plan;

(e) held separate meetings with management and the external auditors to discuss any problems and reservations arising from the year-end audit and any related matters which management and the external auditors wished to discuss;

(f) reviewed the effectiveness of internal controls in the company with reference to the findings of the internal and external auditors; and

(g) reviewed and evaluated the risks facing the company and satisfied itself that management has put plans and steps in place for the mitigation of these risks across the company.

The Audit and Risk Committee has considered and has satisfied itself of the appropriateness of the expertise and experience of the acting financial director, Mr TJW Holden.

The committee members are Ms T Slabbert (Chairman), Mr ACG Molusi and Mr NA Nemukula.

Attendance at Audit Committee meeting			
	Oct 15	Feb 16	Aug 16
T Slabbert	✓	✓	✓
ACG Molusi	✓	✓	✓
NA Nemukula	✓	✓	✓

Remuneration Committee
The Remuneration Committee comprises Mr TD Moolman and Mr PM Jenkins. The Remuneration Committee reviews senior executive management salaries and performance incentives.

Remuneration policy
It is the policy of the company to remunerate its employees fairly, against the background of ensuring that employees have stable and equitable prospects in the company.

The company is committed to the retention of its staff members who serve it well and share the company's philosophy and commitment to the company's value systems. The company accordingly, does not aim to attract employees with the highest remuneration in the short term, but seeks to reward loyalty in the long term.

The company has reviewed its remuneration strategies in the past year, in response to concerns by shareholders over the retention and alignment strategies of the company in relation to its staff.

The industry in which we are involved has seen shrinking employment in traditional media with significant retrenchments. At the same time, the digital environment is a growth area but revenues and profitability remain elusive. A balance is necessary between the ability to attract and retain top talent and the need to contain the overall cost of employment, without creating a remuneration gap between new and old forms of media and our inherently industrial and manufacturing operations.

At the core of our remuneration philosophy is the training and upskilling of existing staff, wherever possible, and new employment from the market where additional skills are needed. We have managed to maintain the balance of all of the above factors by a careful application of remuneration increases, and the empowering of unit heads with the responsibility for setting reasonable remuneration packages for staff at operating division levels.

In considering remuneration, factors such as the industry benchmarks, the levels of skill, the demand and supply for jobs in the particular sector and employment level, the interests of the employee and the affordability to the company are all taken into account. The company's approach to remuneration is modest and conservative.

Attendance at Remuneration Committee meeting		
	Feb 16	Aug 16
TD Moolman	✓	✓
PM Jenkins	✓	✓

The fees of non-executive directors and the Chief Executive Officer's remuneration are increased annually by the average baseline percentage increase in remuneration applicable to the company, subject to adjustments where duties or responsibilities are increased. Such increases, if any, are industry aligned.

The remuneration of the executive directors is based on applicable industry benchmarking and the financial performance of the company at operating profit level, and is subject to review by the Remuneration Committee. Short-term bonus schemes based on divisional operating performance are also in place.

Social and Ethics Committee
The committee is set up in accordance with section 72 of the Companies Act and its main function is to monitor the company's activities having regard to any relevant legislation, other legal requirements or prevailing Codes of Best Practice.

The committee comprises Mr PM Jenkins (Chairman), Mrs J Edwards, Mr TJW Holden and Mr N Sooka.

The Social and Ethics Committee met formally once during the year under review. It considered the group's response to the revised BEE Codes and the strides made in employment equity, training and B-BBEE. The committee considered the contributions being made by the group to the wider community it serves, as well as the support and sponsorships provided to appropriate causes. Media diversity remains a matter of key importance and the group's efforts in promoting a broader landscape of different voices were discussed. The committee members engage with management and assist in shaping the strategic direction for the company in the matters for which it is responsible.

The performance of the company in the year under review has been characterised by a commitment to the highest principles of ethical conduct and community interaction. In the coming year, greater efforts will have to be committed to transformation. The role of the four major print groups will continue to remain under the spotlight and the group will ensure it remains sensitive to concerns about the concentration of media power in the country.

Attendance at Social and Ethics Committee meeting	
	Oct 16
PM Jenkins	✓
J Edwards	✓
TJW Holden	✓
N Sooka	✓

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The positions of Chairman and Chief Executive Officer are separate.

EXECUTIVE MANAGEMENT

The executive committees of the subsidiary companies and divisions meet monthly with senior management to consider issues relevant to the entity's performance.

INTERNAL CONTROL AND INTERNAL AUDIT

The company maintains internal controls and systems designed to provide reasonable assurance as to the integrity and reliability of the financial statements and to adequately safeguard, verify and maintain accountability for the assets of the company and its stakeholders. These controls are based on established policies and procedures and are implemented by trained personnel with an appropriate segregation of duties.

All employees are expected to maintain the highest ethical standards in a manner which is above reproach.

The company has an established Internal Audit department whose primary function is to ensure effectiveness of these controls. The Audit and Risk Committee reviewed and approved the annual internal audit plan and evaluated the independence, effectiveness and performance of the Internal Audit department. It has also considered the reports of the internal auditors and independent auditor on the company's systems of internal control including financial controls, business risk management and maintenance of effective internal control systems.

Nothing material has come to the attention of the directors or the external auditors, based on their tests of internal controls, to indicate that any breakdown in the functioning of the abovementioned internal controls and systems has occurred during the year under review.

EMPLOYMENT EQUITY AND SKILLS DEVELOPMENT

Equitable employment policies are in place throughout the group to ensure individuals from all demographic groupings are given the opportunity to be employed and trained by the group. The group places an increased emphasis on maintaining and training those members of staff who can provide excellent service in a small team environment.

GOING CONCERN

The going-concern basis has been adopted in preparing the financial statements. The current strong financial position and the continued tight control on expenditures and cash flows, assure the directors that the business of the group will continue to function as a going concern for the foreseeable future.

COMPANY SECRETARIAL AND PROFESSIONAL ADVICE

A dedicated Company Secretary has been appointed to ensure compliance with the Companies Act and JSE Listings Requirements. He is not a director of the company. All directors have unlimited access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that Board procedures are followed. All directors are entitled to seek independent professional advice, at the group's expense, concerning the affairs of the group, after obtaining the approval of the Chairman.

The annual certificate by the Company Secretary is reflected on page 19.

As required by the JSE, the Board has considered the skills, qualifications and performance of the Company Secretary, Mr Navin Sooka. The Board is satisfied with his continuing suitability for the position.

CODE OF CONDUCT

Ethics

A comprehensive ethics policy is in place and is applicable to all employees and directors of the company. The policy is enforced and requires adherence to the highest standards of ethical conduct.

Whistleblowing

All employees are required to act honestly at all times and are encouraged to report any harmful or illegal activity they may observe or come across. For this purpose a dedicated hotline has been set up and all incidents reported are investigated. The Audit and Risk Committee is informed of all substantive matters reported on the hotline.

Conflict of interest

The company has appropriate policies in place to avoid conflicts of interest, from Board level down. These include divulging of confidential information, carrying on business for the employee's own account, dealing in the company's shares and the use of price-sensitive information.

Stakeholder engagement

The company is an active participant in the various industry bodies which govern or affect the sectors in which it operates.

Where appropriate, the company engages formally and informally with the investment community.

Shareholders are notified of financial results and of the annual general meeting of the company.

The company publishes its financial results in the press. Caxton's website is updated from time to time with relevant information.

Staff members receive regular company and divisional newsletters and communications.

RISK MATRIX AND RISK MITIGATION

As part of the company's risk management processes, an annual review of the risks facing the company is undertaken and reviewed by the Audit and Risk Committee.

Risk identification is done by each operating unit, including the potential impact and the actions taken to mitigate such risk. This process is then consolidated and reviewed by the Audit and Risk Committee to ensure that steps are taken to minimise risks or to ensure that compensating steps are implemented. Some of the key risk areas are tabled below:

Key risks	Risk mitigation
• Foreign exchange purchasing and impact on cost of imported raw material	The company hedges some of its exposure. No long-term contracts are in place.
• Loss of key staff including succession planning	Senior management remuneration is reviewed on an ongoing basis and adequate staff retention programmes are in place. Succession planning has been implemented via various schemes of employing graduates and training.
• Power outages	Generators have been installed at key sites.
• Information technology failure	Information technology reviews are undertaken regularly and key actions identified to ensure business continuity plans are in place. There is a formal report back at the Audit Committee meetings.
• Destruction of key production sites	Adequate insurance is in place to mitigate loss. Key major operational sites undergo a third-party review to ensure adequate steps are in place to prevent loss. Contingency production sites have been identified.
• Disruption of supply of raw materials	Strategic stock is in place. Critical suppliers are insured against disruption of supply. The company has access to import replacement.
• Media regulatory interventions	Continued engagement with Government and through various industry organisations.
• Plant breakdowns adversely affecting deliveries to customers	Preventative scheduled maintenance in place which reduces the risk of breakdown. Other production sites are also available.
• Changes to codes of practice regarding Black Economic Empowerment	Strategies are currently being developed to address the new codes.

ANNUAL FINANCIAL STATEMENTS

CAXTON & CTP publishers & printers LIMITED

CONTENTS

STATEMENT OF RESPONSIBILITY AND APPROVAL BY THE BOARD OF DIRECTORS

The directors of Caxton and CTP Publishers and Printers Limited are responsible in terms of the Companies Act, 2008 ("the Act"), for the preparation of the annual financial statements in accordance with International Financial Reporting Standards ("IFRS") which fairly present the state of affairs of the company and the group as at the end of the financial year, and the net income and cash flows for the year. In preparing the accompanying financial statements, suitable accounting policies have been applied and reasonable estimates made.

The directors are required, in terms of the Act, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company and the group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with IFRS, the Act and the Listings Requirements of the Johannesburg Stock Exchange.

The external auditors are engaged to express an independent opinion on the financial statements.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the Board sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group, and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group.

While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company and the group's cash flow forecast for the year to 30 June 2017 and, in light of this review and the current financial position, they are satisfied that the group has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors, Grant Thornton Johannesburg Partnership, are responsible for independently auditing and reporting on the group's financial statements. The financial statements have been examined by the group's external auditors and their unqualified report is presented on page 20.

The preparation of the annual financial statements was supervised by the Acting Financial Director, Mr TJW Holden, BCom, CA(SA). The annual financial statements set out on pages 18 to 61, which have been prepared on the going-concern basis, were approved by the Board of Directors and are signed on its behalf by:

TJW Holden
Managing Director

TD Moolman
Chief Executive Officer

Johannesburg
26 October 2016

DECLARATION BY COMPANY SECRETARY

In terms of sections 88 and 89 of the South African Companies Act, 71 of 2008, as amended ("the Act"), I, in my capacity as Company Secretary, hereby certify that the company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Act and that all such returns are true and up to date.

N Sooka
Company Secretary

Johannesburg
26 October 2016

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF CAXTON AND CTP PUBLISHERS AND PRINTERS LIMITED

Report on the financial statements

We have audited the consolidated and separate financial statements of Caxton and CTP Publishers and Printers Limited set out on pages 25 to 61, which comprise the statements of financial position as at 30 June 2016, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Caxton and CTP Publishers and Printers Limited as at 30 June 2016, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 30 June 2016, we have read the Directors' Report, Audit Committee's Report and Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette 39475 dated 4 December 2015, we report that Grant Thornton Johannesburg Partnership has been the auditor of Caxton and CTP Publishers and Printers Limited for eleven years.

Grant Thornton

Grant Thornton Johannesburg Partnership
Registered Auditors

Paul Badrick
Partner
Registered Auditor
Chartered Accountant (SA)

26 October 2016

Wanderers Office Park
52 Corlett Drive
Illovo, 2196

DIRECTORS' REPORT

NATURE OF BUSINESS

The group is involved in the publishing and printing of newspapers and magazines, manufacturing and distribution of stationery, packaging, labels and stationery and the manufacture and marketing of printing inks. Further information is provided in the Managing Director's Report.

REVIEW OF BUSINESS OPERATIONS

Gross turnover for the year increased by R51,8 million to R7 246 million (2015: R7 194 million). Profit from operating activities before depreciation and impairment increased by R4,4 million to R762.3 million (2015: R757,9 million). Net finance income received amounted to R127,7 million (2015: R114,8 million) with capital expenditure during the year totalling R353 million (2015: R454 million). Net cash resources amounted to R2 018 million (2015: R1 989 million).

ORDINARY DIVIDEND

An ordinary dividend of 70.0 cents (2015: 65.0 cents) (gross) (net 59,50 cents (2015: net 55,25 cents)) per ordinary share was declared on 31 August 2016 payable to shareholders registered on 15 November 2016.

PREFERENCE DIVIDEND

A preference dividend of 570,0 cents per share (2015: 530,0 cents) (gross) (net 484,50 cents (2015 net 450,50 cents)) per share was declared on 31 August 2016 payable to shareholders registered on 15 November 2016.

SHARE CAPITAL

Particulars of the authorised and issued share capital of the company are set out in note 12 of the financial statements.

SUBSIDIARY COMPANIES

Particulars of subsidiary companies are set out on page 62. The aggregate attributable interests of the company in the after tax profits and losses of the subsidiaries were:

	2016 R000	2015 R000
Profits	**332 675**	339 266
Losses	**(32 846)**	(35 550)
	299 827	303 716

DIRECTORATE AND COMPANY SECRETARY

The names of the directors and the company secretary are set out on pages 3 and 19 of this report. In terms of the Memorandum of Incorporation of the company, no less than a third of the non-executive directors retire at the forthcoming annual general meeting. Mr PM Jenkins and Ms T Slabbert retire as directors and being eligible, offer themselves for re-election.

DIRECTORS' SHAREHOLDING

At the date of this report, based on the latest shareholders' register, the directors' beneficial shareholding in the company amounted to:

Directors	2016 Direct	2015 Direct	2016 Indirect	2015 Indirect
PG Greyling	**1 317 380**	1 317 384	**4 000 000**	4 000 000
TJW Holden	**–**	–	**4 000 000**	4 000 000
TD Moolman*	**–**	–	**3 912 695**	3 742 470
Total	**1 317 380**	1 317 384	**11 912 695**	11 742 470

* The Moolman & Coburn Partnership, through various intermediate companies controlled by it, controls Caxton Holdings Proprietary Limited, which holds 41,67% of the issued ordinary shares of Caxton and CTP Publishers and Printers Limited. The Moolman & Coburn Partnership and its intermediate companies control an additional 5,15% and its associates acting in concert hold a further 3,00 % of the issued ordinary shares of Caxton and CTP Publishers and Printers Limited. It therefore controls a total of 49,81% of the issued ordinary shares of the company. The Directors do not have any non-beneficial shareholdings in the company.

SHAREHOLDER SPREAD

At the date of this report, based on the latest shareholders' register, the directors' beneficial shareholding in the company amounted to:

	Number of shareholders	% of shareholders	Number of shares held	% of shares held
Non-public shareholders				
Directors of the holding and subsidiary companies	**6**	**0,15**	**14 781 046**	**3,73**
Shareholders holding more than 5% of the issued ordinary shares				
Caxton Holdings Proprietary Limited	**1**	**0,03**	**165 652 708**	**41,67**
Alan Gray Balanced Fund	**1**	**0,03**	**23 304 015**	**5,86**
	8	**0,21**	**203 737 769**	**51,26**
Public shareholders	**3 858**	**99,79**	**193 754 873**	**48,74**
Total	**3 866**	**100,00**	**397 492 642**	**100,00**

According to the records of the company, other than as indicated above, no shareholder held five per cent or more of the company's shares at 30 June 2016 or at 30 September 2016.

SUBSEQUENT EVENTS

Subsequent to the year end the company acquired the businesses of Boland Drukpers (Pty) Ltd (effective 1 October 2016) and Flipfile (Pty) Ltd (effective 1 September 2016) for R62,2 million and R43,7 million respectively.

The company has also entered into an agreement with Pembani Remgro Infrastructure Fund in which the company will restructure its current shareholding in RSA Web (Pty) Ltd, an internet service provider, and Octotel (Pty) Ltd, a fibre to home operator. This has resulted in each party holding 22,5% of the above companies and providing R150 million in loan funding to Octotel (Pty) Ltd on an equal basis.

The directors are not aware of any other matter or circumstance arising since the end of the financial year, not otherwise dealt with in the report or group annual financial statements that would significantly affect the operations of the group or the results of those operations.

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The annual financial statements, which appear on pages 18 to 61, have been approved by the Board and are signed on its behalf by:

TJW Holden
Managing Director

TD Moolman
Chief Executive Officer

Johannesburg
26 October 2016

AUDIT COMMITTEE'S REPORT

The audit committee ("the committee") is pleased to present this report on its activities during the financial year ended 30 June 2016.

BACKGROUND

The committee was established in line with the requirements of the Companies Act, 2008 ("the Act"); it is an independent statutory committee appointed by the board of directors and approved by the shareholders.

TERMS OF REFERENCE

The audit committee has adopted a written charter based on the Act and the Memorandum of Incorporation that has been approved by the board of directors.

The audit committee has conducted its affairs and discharged all its responsibilities during the financial year under review, in compliance therewith.

The charter is available on request from the company secretary.

OBJECTIVE AND SCOPE

The purpose of the audit committee is to assist the board in carrying out its duties relating to accounting policies, internal controls, financial reporting practises, identification of exposure to significant risks and setting principles for recommending the use of external auditors for non-audit services.

MEMBERSHIP

The committee comprises Ms T Slabbert, (Chairman), Mr ACG Molusi and Mr NA Nemukula. All the members are independent non-executive directors.

The committee members have considered and are of the opinion that they are adequately independent from the company and group and management thereof, within the full spirit of the Code of Corporate Practices and Conducts.

The external auditors have unrestricted access to the audit committee, and attend all meetings dealing with the external audit and annual financial statements by standing invitation.

The financial director attends all meetings by standing invitation.

EXTERNAL AUDIT

The committee has evaluated the independence of the external auditors and is satisfied that the external auditor has remained independent as defined in the Act.

Both audit and non-audit services performed by the external auditors were reviewed and approved. There is a formal procedure that governs the process whereby the auditor is considered for non-audit services, and each instruction for such work is reviewed by the committee.

The committee, in consultation with executive management, agreed to an audit fee for the 2016 financial year.

The fee is considered appropriate for the work that was done. Audit fees are disclosed in note 24 to the financial statements.

Meetings were held with the external auditor and no matters of material concern were raised.

The committee reviewed the performance of the external auditor and nominated and recommend for approval at the annual general meeting, Grant Thornton as the external auditor for the 2017 financial year. Mr P Badrick has completed his fifth year as independent audit partner and according to rotation requirements will step down as the audit partner for the company and the group. He is thanked for his service during his five-year term. Ms MA da Costa will be appointed as independent audit partner.

FINANCIAL DIRECTOR

As required in terms of the JSE Listings Requirements, the committee has satisfied itself that the company's acting financial director, Mr TJW Holden, has the appropriate expertise and experience to meet the responsibilities of his position and confirmed his suitability for the appointment as financial director in terms of the JSE Listings Requirements.

AUDIT COMMITTEE'S REPORT *continued*

COMMITTEE ACTIVITIES

During the financial year ended 30 June 2016 the committee performed its duties in terms of its charter and a summary of the main activities is set out below:

- Nominated the appointment and retention of the external auditors, Grant Thornton with the designated partner Mr P Badrick after satisfying itself, through enquiry, that Grant Thornton is independent.
- Managed the external audit function, including:
  - nature and scope of the audit engagement;
  - determined the fees for the audit; and
  - determined the nature and extent of any other non-audit services, ensuring they are not material and do not have any impact on their independence
- Reviewed the going concern assumptions as prepared by management for the company and the group
- Reviewed the accounting practices and internal controls of the company and the group
- Reviewed the annual report and annual financial statements taken as a whole to ensure they fairly present a balanced and understandable assessment of the company's financial position, performance and prospects
- Reviewed the external auditors' management letters and management's response to these letters
- Received and dealt appropriately with any concerns or queries
- Considered and satisfied itself on the appropriateness of the experience and expertise of the financial director as well as the adequacy of the finance functions and its resources

RECOMMENDATION OF ANNUAL FINANCIAL STATEMENTS

The committee evaluated the annual financial statements for the year ended 30 June 2016 and considered that they comply in all material aspects with the requirements of the Act and International Financial Reporting Standards.

The committee has therefore recommended the approval of the annual financial statements by the board. The board has subsequently approved the annual financial statements which will be open for discussion at the forthcoming annual general meeting.

Grant Thornton, the external auditor, has provided the shareholders with an unqualified independent audit opinion on whether the annual financial statements for the year ended 30 June 2016 fairly present, in all material respects, the financial results for the year and the position of the company and the group as at 30 June 2016.

T Slabbert
Chairman

Audit committee
26 October 2016

STATEMENTS OF FINANCIAL POSITION

as at 30 June 2016

COMPANY				GROUP	
2015	**2016**			**2016**	2015
R000	**R000**	Notes		**R000**	R000
			ASSETS		
			Non-current assets		
–	**–**	2	Property, plant and equipment	**2 594 389**	2 484 914
–	**–**	3	Goodwill	**–**	–
1 387 979	**1 383 755**	4	Interest in subsidiaries	**–**	–
132 398	**146 798**	5	Interest in associates	**272 157**	240 030
9 312	**72 119**	6	Investments	**86 155**	29 026
2 142	**2 657**	16	Deferred taxation	**19 299**	2 142
71 416	**74 987**	43	Loans to directors	**74 987**	71 416
1 603 247	**1 680 316**			**3 046 987**	2 827 528
			Current assets		
–	**–**	7	Inventories	**806 229**	811 659
13 533	**19 134**	8	Accounts receivable	**1 160 063**	1 052 058
43 845	**22 990**	4	Amounts owed by group companies	**–**	–
–	**–**		Taxation	**17 961**	10 226
60 685	**60 305**	9	Preference shares – listed	**60 305**	60 685
1 050 000	**1 050 000**	10	Preference shares – unlisted	**1 050 000**	1 050 000
408 107	**319 766**	11	Bank and cash resources	**908 020**	878 247
1 576 170	**1 472 195**			**4 002 578**	3 862 875
3 179 417	**3 152 511**		**Total assets**	**7 049 565**	6 690 403
			EQUITY AND LIABILITIES		
			Equity		
9 941	**9 942**	12	Ordinary share capital	**9 942**	9 941
385 268	**386 381**		Ordinary share premium	**386 381**	385 268
245 294	**293 625**	13	Non-distributable reserves	**537 782**	447 600
878 430	**775 668**	14	Retained income	**4 588 580**	4 396 852
1 518 933	**1 465 616**		**Equity attributable to owners of the parent**	**5 522 685**	5 239 661
–	**–**	15	Non-controlling interest	**56 608**	56 999
100	**100**	12	Preference share capital	**100**	100
1 519 033	**1 465 716**		**Total equity**	**5 579 393**	5 296 760
			Non-current liabilities		
–	**14 609**	16	Deferred taxation	**354 636**	283 431
–	**14 609**			**354 636**	283 431
			Current liabilities		
8 302	**8 652**	17	Accounts payable	**883 677**	885 312
–	**–**	18	Provisions	**226 505**	224 900
1 529 739	**1 542 779**	19	Amounts owed to group companies	**–**	–
122 151	**119 047**		Bank overdraft	**–**	–
192	**1 708**		Taxation	**5 354**	–
1 660 384	**1 672 186**			**1 115 536**	1 110 212
3 179 417	**3 152 511**		**Total equity and liabilities**	**7 049 565**	6 690 403

STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 30 June 2016

COMPANY 2015 R000	COMPANY 2016 R000	Notes		GROUP 2016 R000	GROUP 2015 R000
–	**–**	22	Gross turnover	**7 245 970**	7 194 175
–	**–**		*Less:* Inter-group	**840 975**	932 787
–	**–**		Revenue	**6 404 995**	6 261 388
–	**–**		Other operating income	**136 430**	111 906
–	**–**		**Total operating income**	**6 541 425**	6 373 294
–	**–**		Changes in inventories of finished goods and work in progress	**44 276**	83 038
–	**–**		Raw materials and consumables used	**2 814 092**	2 614 891
–	**–**	23	Staff costs	**1 434 239**	1 407 389
43 188	**–**	43	IFRS 2 share-based payment expense – equity settled	**–**	43 188
(390)	**318**	24	Other net operating expenses	**1 486 481**	1 466 873
42 798	**318**		**Total operating expenses**	**5 779 088**	5 615 379
(42 798)	**(318)**		**Profit/(loss) from operating activities before depreciation**	**762 337**	757 915
–	**–**	25	Depreciation and amortisation	**289 150**	280 727
(42 798)	**(318)**		**Profit/(loss) from operating activities after depreciation**	**473 187**	477 188
12 189	**4 224**	25	Impairment expense	**27 583**	22 174
(54 987)	**(4 542)**		**Net profit/(loss) from operating activities**	**445 604**	455 014
149 630	**164 700**	27	Finance income	**129 417**	117 335
–	**–**	28	Finance costs	**(1 724)**	(2 581)
–	**–**	29	Fair value movement on currency hedge	**(4 365)**	(5 444)
2 200	**3 571**	43	IFRS 2 deemed interest receivable on unwinding of transaction	**3 571**	2 200
–	**–**		Income from associates	**17 636**	30 168
96 843	**163 729**		**Profit before taxation**	**590 139**	596 692
9 038	**7 506**	30	Taxation	**134 085**	162 810
87 805	**156 223**		**Profit for the year**	**456 054**	433 882
(3 984)	**48 332**		**Other comprehensive income:**	**93 286**	(3 984)
			Items that will not be reclassified subsequently to profit or loss		
–	**–**		Fair value adjustment – land and buildings	**44 954**	–
			Items that will be reclassified subsequently to profit or loss		
(3 984)	**48 332**		Fair value adjustment – available for sale investments	**48 332**	(3 984)
83 821	**204 555**		**Total comprehensive income for the year**	**549 340**	429 898
			Profit attributable to:		
–	**–**		Non-controlling interests	**8 445**	10 608
87 805	**156 223**		Equity holders of the parent	**447 609**	423 274
87 805	**156 223**			**456 054**	433 882
			Total comprehensive income attributable to:		
–	**–**		Non-controlling interests	**8 445**	10 608
83 821	**204 555**		Owners of the parent	**540 895**	419 290
83 821	**204 555**			**549 340**	429 898
		31	Earnings per share (cents)	**112,5**	106,8
		31	Headline earnings per share (cents)	**116,4**	108,8
		32	Ordinary dividend paid per share in respect of the previous year (cents)	**65,0**	60,0
		33	Preference dividend paid per share in respect of the previous year (cents)	**530,0**	490,0

STATEMENTS OF CASH FLOWS

for the year ended 30 June 2016

COMPANY 2015 R000	COMPANY 2016 R000	Notes		GROUP 2016 R000	GROUP 2015 R000
(107 733)	**(105 845)**		**CASH FLOW FROM OPERATING ACTIVITIES**	**399 291**	515 149
390	**(318)**	39.1	Cash (utilised)/generated by operations	**758 050**	766 688
7 599	**(5 252)**	39.2	Changes in working capital	**(111 053)**	50 847
7 989	**(5 570)**		Cash (utilised)/generated by operating activities	**646 997**	817 535
(30 010)	**(5 990)**	39.3	Taxation paid	**(109 445)**	(175 547)
31 713	**22 812**		Interest received	**50 152**	53 562
–	**–**		Interest paid	**(1 724)**	(2 581)
117 917	**141 888**		Dividends received	**79 265**	63 773
127 609	**153 140**		**Net cash inflow from operating activities**	**665 245**	756 742
(235 342)	**(258 985)**	39.4	Dividends paid	**(265 954)**	(241 593)
74 912	**6 455**		**CASH FLOW FROM INVESTING ACTIVITIES**	**(368 764)**	(710 567)
			Property, plant, equipment and intangibles		
–	**–**	2	– additions to maintain operations	**(207 880)**	(303 184)
			– additions to expand operations	**(145 163)**	(150 440)
–	**–**		– proceeds from disposals	**12 334**	69 573
–	**–**			**(340 709)**	(384 051)
			Investments		
74 871	**20 855**	39.5	– Subsidiary businesses (net of cash acquired)	**(19 198)**	(337 342)
41	**(14 400)**	39.6	– Associates, other investments and loans	**(8 857)**	10 826
74 912	**6 455**			**(28 055)**	(326 516)
(208 438)	**14 154**		**CASH FLOW FROM FINANCING ACTIVITIES**	**(753)**	(32 825)
–	**–**		Minority interest acquired	**(1 867)**	–
(175 613)	**13 040**		Increase/(decrease) in amount owing to group companies	**–**	–
–	**6 000**		Shares issued	**6 000**	–
(32 825)	**(4 886)**		Own shares acquired	**(4 886)**	(32 825)
(241 259)	**(85 236)**		Net increase/(decrease) in cash and cash equivalents	**29 774**	(228 243)
1 649 380	**1 408 121**		Cash and cash equivalents at beginning of year	**2 000 412**	2 228 655
1 408 121	**1 322 885**	39.7	Cash and cash equivalents at end of year	**2 030 186**	2 000 412
(11 480)	**(11 861)**		Fair value adjustment of preference shares	**(11 861)**	(11 480)
1 396 641	**1 311 024**	39.7	Fair value of cash and cash equivalents at end of year	**2 018 325**	1 988 932

STATEMENTS OF CHANGES IN EQUITY

for the year ended 30 June 2016

	Notes	Ordinary share capital R000	Ordinary share premium R000	Preference share capital R000	Non-distributable reserves R000	Marked to market reserves R000	Distributable reserves R000	Non-controlling interest R000	Total R000
GROUP									
Balance at 1 July 2014		9 796	305 834	100	209 474	245 230	4 205 800	52 642	5 028 876
Total comprehensive income for the year						(3 984)	423 274	10 608	429 898
Shares allocated not issued IFRS 2		200	112 204						112 404
Own shares acquired		(45)	(32 780)						(32 825)
Ordinary dividends paid	32						(235 097)	(6 251)	(241 348)
Preference dividends paid	33						(245)		(245)
Realisation of land and buildings revaluation reserve					(3 120)		3 120		
Balance at 30 June 2015		**9 951**	**385 258**	**100**	**206 354**	**241 246**	**4 396 852**	**56 999**	**5 296 760**
Total comprehensive income for the year						**93 286**	**447 609**	**8 445**	**549 340**
Minority acquired								**(1 867)**	**(1 867)**
Shares issued		**–**	**6 000**						**6 000**
Own shares acquired		**(9)**	**(4 877)**						**(4 886)**
Ordinary dividends paid	32						**(258 720)**	**(6 969)**	**(265 689)**
Preference dividends paid	33						**(265)**		**(265)**
Realisation of land and buildings revaluation reserve					**(3 104)**		**3 104**		**–**
Balance at 30 June 2016		**9 942**	**386 381**	**100**	**203 250**	**334 532**	**4 588 580**	**56 608**	**5 579 393**
COMPANY									
Balance at 1 July 2014		9 796	305 834	100	4 469	244 808	1 025 967	–	1 590 974
Total comprehensive income for the year						(3 984)	87 805		83 821
Shares allocated not issued IFRS 2		200	112 204						112 404
Own shares acquired		(45)	(32 780)						(32 825)
Ordinary dividends paid	32						(235 097)		(235 097)
Preference dividends paid	33						(245)		(245)
Balance at 30 June 2015		**9 951**	**385 258**	**100**	**4 469**	**240 824**	**878 430**	**–**	**1 519 032**
Total comprehensive income for the year						**48 332**	**156 223**		**204 555**
Shares issued		**–**	**6 000**						**6 000**
Own shares acquired		**(9)**	**(4 877)**						**(4 886)**
Ordinary dividends paid	32						**(258 720)**		**(258 720)**
Preference dividends paid	33						**(265)**		**(265)**
Balance at 30 June 2016		**9 942**	**386 381**	**100**	**4 469**	**289 156**	**775 668**	**–**	**1 465 716**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2016

1 ACCOUNTING POLICIES

1.1 Basis of preparation

Caxton and CTP Publishers and Printers Limited (“the company ”) is a South African registered company. The consolidated financial statements of the group for the year ended 30 June 2016 comprise the company and its subsidiaries (together referred to as “the group”) and the group’s interest in associates and jointly controlled entities.

These annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), SAICA financial reporting guides as issued by the Accounting Practices Committee,the financial reporting pronouncements as issued by the Financial Reporting Standards Council, the Companies Act No 71 of 2008 and the Listings Requirements of the Johannesburg Stock Exchange.

The financial statements are prepared in thousands of South African Rands (R000) under the historical cost convention except for Investments classified as available-for-sale, derivative instruments, preference shares and certain property, plant and equipment which are stated at fair value.

The accounting policies applied are consistent with those of the prior year except new standards and interpretations disclosed in note 1.23.

1.2 Basis of consolidation

The group financial statements consolidate those of the parent company and all of the entities over which the group has control. All subsidiaries have a reporting date of 30 June.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statements of comprehensive income, from the effective date of acquisition or up to the effective date of disposal, as appropriate. The acquisition method of accounting is used to account for the acquisition of subsidiaries by the group. Identifiable assets, liabilities and contingent liabilities acquired or assumed are initially measured at their respective fair values at acquisition date.

1.3 Impairment of assets

The group assesses at each reporting date whether there is any indication that objective evidence exists that might indicate that a financial asset or group of financial assets is impaired irrespective of whether there is any indication of impairment.

If any such indication exists, the recoverable amount is estimated as the higher of net selling price and value in use. An impairment loss is recognised in the statement of comprehensive income whenever the carrying amount exceeds the recoverable amount and the assets are written down to their recoverable amount.

1.4 Property, plant and equipment

Plant and equipment is initially recorded at cost. Impairment losses and reversal of impairment losses are recognised in profit or loss for those assets carried at cost, and other comprehensive income for those assets carried at revalued amounts.

The group’s properties are all owner-occupied. Land and buildings are stated at acquisition cost and revalued on an open-market value in use basis when there is an indicator that the fair value is materially different from the carrying value but at least every five years. Freehold buildings are depreciated on the straight-line basis to their anticipated residual value over their estimated useful life to the group. Land is not depreciated.

Depreciation is calculated on the straight-line method, to write off the cost of each asset to their residual values over their estimated useful lives. The depreciation rates applicable to each category of property, plant and equipment are as follows:

Land	not depreciated
Buildings	50 years
Plant and machinery	2 to 20 years
Vehicles	5 years
Furniture and equipment	3 to 6 years
Leasehold improvements	shorter of useful life or remaining period of the lease

1. ACCOUNTING POLICIES continued

1.5 Goodwill

Goodwill is measured as the excess of cost (being the consideration transferred, the amount of any non-controlling interest acquired, and the acquisition date fair value of any equity interest already held in the acquiree) over the net acquisition-date fair value of the identifiable assets and liabilities acquired.

Subsequently goodwill is carried at cost less any accumulated impairment. Goodwill is tested at least annually for impairment.

1.6 Publication titles

Newspaper and magazine publication titles arise on acquisition of newspapers and magazines and are considered to have an indefinite life. Active publication titles are initially and subsequently measured at fair value less accumulated impairment. The useful lives of publication titles are reviewed on an annual basis to determine whether events and circumstances continue to support the indefinite useful life assessment. Non-active publication titles are written off in the year the newspaper or magazine ceases publication.

1.7 Investments in subsidiaries

In the company's separate financial statements, investments in subsidiaries are carried at cost less accumulated impairment losses.

1.8 Investments in associates

Investments in associates are accounted for using the equity method of accounting in the consolidated financial statements and are recognised at cost, less amounts written off and accumulated impairment losses, in the holding company's separate financial statements.

1.9 Investments in jointly controlled entities

Investments in jointly controlled entities are accounted for at cost less accumulated impairment in the holding company, and a proportionate share of the assets/liabilities/income and expenses and cash flows are recognised with similar line items in the consolidated financial statements on a line-by-line basis. The accounting policies of the joint ventures are the same as those of the group in all material respects.

1.10 Inventories

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less any costs of completion and disposal. Cost is determined on the following bases:

- raw materials are valued on a first-in, first-out or average cost basis; and
- work in progress and finished goods are valued at raw material cost, direct labour and a proportion of manufacturing overhead expenses, based on normal capacity.

1.11 Share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid and the directly attributable costs, is recognised as a deduction from equity. Repurchased shares held by subsidiaries are classified as treasury shares and presented as a deduction from equity.

1.12 Deferred taxation

Deferred tax is recognised on the difference between the carrying amounts of assets and liabilities in the financial statements and corresponding tax bases used in the computation of taxable profit or loss, and are accounted for using the comprehensive liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantially enacted by the reporting date.

1.13 Provisions

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the increases specific to the liability. The increase in the provision due to the passage of time is recognised as a finance expense.

1.14 Financial instruments

Financial instruments recognised on the statement of financial position include investments, accounts receivable, cash and cash equivalents, loans receivable and payable to group companies and accounts payable. All financial instruments are recognised at the time the group becomes party to the contractual provisions of the instruments. All financial instruments are initially measured at fair value, excluding those measured other than at fair value through profit and loss, which includes directly attributable transaction costs, being the fair value of the consideration given.

Financial assets, or a portion of financial assets, are derecognised when the group loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised when they are extinguished – that is, when the obligation specified in the contract is discharged, cancelled or expires.

Subsequently the financial instruments are measured as follows:

Investments

Purchases and sales of investments are recognised on the trade date, which is the date that the group commits to purchase or sell the asset. Listed investments, unlisted investments and preference shares are initially measured at fair value including transaction costs. Listed and unlisted investments and preference shares are subsequently measured at fair value with fair value adjustments recognised as other comprehensive income in respect of available-for-sale investments, and profit and loss in respect of held for trading investments.

When the available for sale asset is disposed of or is determined to be impaired, the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss.

Accounts receivable

Accounts receivable are subsequently measured on the amortised cost basis using the effective rate of interest. Accounts receivable, which are of long-term nature, are discounted where the time value of money is significant and are classified as receivables.

Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when objective evidence exists that the asset is impaired.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, cash in banks, short-term deposits, bank overdrafts and preference shares and are measured at amortised cost using effective interest rates.

Accounts payable

Accounts payable are subsequently measured on the amortised cost basis using the effective rate of interest.

1. ACCOUNTING POLICIES continued

1.15 Foreign currency transactions

Foreign currency transactions are recorded on initial recognition in Rand, by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the transaction.

At each reporting date:

- foreign currency monetary items are reported using the closing rate;
- non-monetary items, which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction; and
- non-monetary items, which are carried at fair value denominated in a foreign currency, are reported using the exchange rates that existed when the values were determined.

Exchange differences arising on the settlement of monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, are recognised as profit or loss in the period in which they arise.

1.16 Derivative financial instruments

The group has entered into derivative contracts to hedge foreign exchange exposure. Upon initial recognition, these are measured at fair value and subsequent measurement is at fair value through profit or loss with gains or losses on fair value measurements recorded in profit or loss.

1.17 Revenue

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and value added tax. Revenue is recognised when the significant risks and rewards have been transferred to the buyer, recovery of the consideration is probable and the associated costs and possible return of goods can be estimated reliably.

Dividends are recognised when the group's right to receive the revenue is established. Interest revenue is recognised on a time-apportionment basis that takes into account the effective yield on the investment.

1.18 Employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.19 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.20 Determination and presentation of operating segments

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the group's other components. An operating segment's operating results are reviewed regularly by the Executive members of the Board of Directors to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Segment results that are reported to the senior management include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the group's headquarters and the sub-group's headquarters). Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets, other than goodwill. Operating segments' disclosure is based on the information that internally is provided to the executive directors, who are ultimately responsible for the decision-making process.

1.21 Financial risk management

The company's activities expose it to a variety of financial risks, namely: currency risk, credit risk, liquidity risk and cash flow interest rate risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance. Risk management is carried out by local management under policies approved by the Board of Directors.

(a) Currency risk

Exposure to currency risk arises in the normal course of the group's business. The group incurs currency risk as a result of transactions that are denominated in a currency other than SA Rands. These transactions, mainly for the import of capital equipment and inventory are substantially hedged by utilising forward exchange contracts. Details of forward exchange contracts are given in note 35.

(b) Credit risk

The company has no significant concentrations of credit risk, due to the diversity of its customers. It has policies in place to ensure that sales of services are made to customers with appropriate credit history. Transactions are limited to high-credit-quality financial institutions.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the business the company aims to maintain flexibility in funding by keeping committed credit lines available.

(d) Cash flow and interest rate risk

The company's income and operating cash flows are substantially independent of changes in market interest rates. The company has significant interest-bearing assets and interest is earned at competitive market-related rates.

1.22 Key management assumptions

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that may affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period, or in the period of the revision and future periods if the revision affects both current and future periods.

1. ACCOUNTING POLICIES continued

1.22 Key management assumptions continued

- ***Key assumption***

  Allowances for impairment of debtors

  Basis for determining value assigned to key assumption:

  The recoverability of debtors is reviewed by management on an ongoing basis and all amounts considered to be irrecoverable, based on history of default and management's past experience, are provided for.

- ***Key assumption***

  Impairment of assets

  Basis for determining value assigned to key assumption:

  Where the group has an asset for which there is no operational use, it is impaired to its recoverable amount. Recoverable amount is determined with reference to the assets value in use taking into account growth rates and discount rates.

- ***Key assumption***

  Revaluation of property

  Basis for determining value assigned to key assumption:

  The group revalues its properties every five years, using an independent professional valuer. The basis applied by the valuer is determined with reference to an open-market value.

- ***Key assumption***

  Asset lives and residual values

  Basis for determining value assigned to key assumption:

  Property, plant and equipment is depreciated over its useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- ***Key assumption***

  Valuation of unlisted investments

  Basis for determining value assigned to key assumption:

  The basis used for the valuation of unlisted investments is the present value of future cash flows discounted at an appropriate rate taking into account any risk factors.

1.23 Statements and interpretations not yet effective and expected to be applicable

Standard		Details of amendment	Annual periods beginning on or after
IFRS 7	Financial Instruments: Disclosures	• Annual Improvements 2012 – 2014 Cycle: The amendments provide additional guidance to help entities identify the circumstances under which a servicing contract is considered to be 'continuing involvement' for the purposes of applying the disclosure requirements in paragraphs 42E – 42H of IFRS 7. Such circumstances commonly arise when, for example, the servicing fee is dependent on the amount or turning of the cash flows collected from the transferred financial asset or when a fixed fee is not paid in full due to non-performance of that asset.	1 July 2016
		• Annual Improvements 2012 – 2014 Cycle: These amendments clarify that the additional disclosure required by the recent amendments to IFRS 7 Disclosure – Offsetting Financial Assets and Financial Liabilities is not specifically required for all interim periods. However, the additional disclosure is required to be given in condensed interim financial statements that are prepared in accordance with IAS 34 Interim Financial Reporting when its inclusion would be necessary in order to meet the general principles of IAS 34.	1 July 2016
IFRS 9	Financial Instruments	• IFRS 9 'Financial Instruments (2014)' replaces IAS 39 'Financial Instruments: Recognition and Measurement'.	1 January 2018
IFRS 10	Consolidated Financial Statements	• Amendments to address an acknowledged inconsistency between the requirements in IFRS 10 'Consolidated Financial Statements' and those in IAS 28 (2011) 'Investments in Associates' in dealing with the sale or contribution of a subsidiary.	1 January 2016
IFRS 11	Joint arrangements	• Amendments to provide guidance on the accounting for the acquisition of an interest in a joint operation in which the activity of the joint operation constitutes a business.	1 January 2016
IFRS 15	Revenue from Contracts with Customers	• New guidance on recognition of revenue that requires recognition of revenue in a manner that depicts the transfer of goods or services to customers at an amount that reflects the consideration the entity expects to be entitled to in exchange for those goods or services.	1January 2018
IFRS 16	Leases	• IFRS 16 will require lessees to account for leases 'on-balance sheet' by recognising a 'right-of-use' asset and a lease liability. IFRS 16 also: – Changes the definition of a lease – Sets requirements on how to account for the asset and liability, including complexities such as non-lease elements, variable lease payments and option periods – Provides exemptions for short-term leases and leases of low value assets – Changes the accounting for sale and leaseback arrangements – Largely retains IAS 17's approach to lessor accounting – Introduces new disclosure requirements.	1 January 2019

1. ACCOUNTING POLICIES continued

1.23 Statements and interpretations not yet effective and expected to be applicable continued

Standard		Details of amendment	Annual periods beginning on or after
IAS 1	Presentation of Financial Statements	• Amendments clarifying IAS 1's specified line items on the statement(s) of profit and loss and other comprehensive income and the statement of financial position can be disaggregated.	1 January 2016
		• Additional requirements of how entities should present subtotals in the statement(s) of profit or loss and other comprehensive income and the statement of financial position.	1 January 2016
		• Clarification that entities have flexibility as to the order in which they present their notes to the financial statements, but also emphasising the need to consider fundamental principles of comparability and understandability in determining the order.	1 January 2016
IAS 27	Consolidated and Separate Financial Statements	• Amendments to introducing a third option which allows entities to account for investments in subsidiaries, joint ventures and associates under the equity method in their separate financial statements.	1 January 2016
IAS 28	Investments in Associates	• Amendments to address an acknowledged inconsistency between the requirements in IFRS 10 'Consolidated Financial Statements' and those in IAS 28 (2011) 'Investments in Associates' in dealing with the sale or contribution of a subsidiary. In addition IAS 28 (2011) has been amended to clarify that when determining whether assets that are sold or contributed constitute a business, an entity shall consider whether the sale or contribution of those assets is part of multiple arrangements that should be accounted for as a single transaction.	1 January 2016

The impact of the adoption of these standards and interpretations in future periods has not yet been assessed.

2. PROPERTY, PLANT AND EQUIPMENT

Cost or valuation	Freehold land and buildings	Leasehold improvements	Plant and machinery	Vehicles	Furniture and equipment	Titles	Total
GROUP	R000	R000	R000	R000	R000	R000	R000
Year ended 30 June 2016							
Opening net book value	**800 301**	**1 128**	**1 611 079**	**15 813**	**46 946**	**9 647**	**2 484 914**
Additions	**61 675**	**–**	**226 713**	**8 487**	**41 103**	**15 065**	**353 043**
Disposals	**(621)**	**–**	**(3 917)**	**(341)**	**(1 562)**	**–**	**(6 441)**
Impairment	**–**	**–**	**(27 583)**	**–**	**–**	**–**	**(27 583)**
Business combination	**–**	**–**	**21 676**	**–**	**–**	**–**	**21 676**
Depreciation	**(6 462)**	**(90)**	**(245 283)**	**(7 427)**	**(28 376)**	**(1 512)**	**(289 150)**
Revaluation	**57 930**	**–**	**–**	**–**	**–**	**–**	**57 930**
Closing net book value	**912 823**	**1 038**	**1 582 685**	**16 532**	**58 111**	**23 200**	**2 594 389**
Summary							
Cost	**–**	**4 399**	**3 917 400**	**81 793**	**282 620**	**50 344**	**4 336 556**
Valuation	**951 684**	**–**	**–**	**–**	**–**	**–**	**951 684**
	951 684	**4 399**	**3 917 400**	**81 793**	**282 620**	**50 344**	**5 288 240**
Accumulated depreciation and impairment	**(38 861)**	**(3 361)**	**(2 334 715)**	**(65 261)**	**(224 509)**	**(27 144)**	**(2 693 851)**
Net carrying amount	**912 823**	**1 038**	**1 582 685**	**16 532**	**58 111**	**23 200**	**2 594 389**
Year ended 30 June 2015							
Opening net book value	666 977	791	1 468 013	19 072	52 417	1 338	2 208 608
Purchases	139 381	400	285 025	4 480	24 338	–	453 624
Disposals	(546)	–	(54 431)	(425)	(3 126)	–	(58 528)
Impairment	–	–	(22 174)	–	–	–	(22 174)
Acquisition of subsidiaries	–	1 657	169 231	1 242	3 384	8 597	184 111
Depreciation	(5 511)	(1 720)	(234 585)	(8 556)	(30 067)	(288)	(280 727)
Closing net book value	800 301	1 128	1 611 079	15 813	46 946	9 647	2 484 914
Summary							
Cost	184 767	5 031	3 733 408	77 843	251 358	39 041	4 291 448
Valuation	647 804	–	–	–	–	–	647 804
	832 571	5 031	3 733 408	77 843	251 358	39 041	4 939 252
Accumulated depreciation and impairment	(32 270)	(3 903)	(2 122 329)	(62 030)	(204 412)	(29 394)	(2 454 338)
Net carrying amount	800 301	1 128	1 611 079	15 813	46 946	9 647	2 484 914

2.1 The register of fixed property is available for inspection at the registered office of the company.

2.2 The impairment of plant and machinery was as a result of obsolescence, restructuring and the recoverable amounts was exceeded by the carrying amounts. The plant and machinery impaired was printing equipment and ancillary equipment. R9,1 million (2015: R11,4 million) was included in the publishing, printing and distribution segment, R17,3 million (2015: R10,8 million) was included in the packaging segment and R1,2 million (2015: Rnil million) was included in the segment disclosed as "other". The recoverable amount of assets which were obsolete due to restructuring and replacement were considered to be nil and an impairment of R27,6 million (2015: R22,2 million) was recognised. The cash flow used in the value in use calculation was the forecast for five years and the key assumptions were as follows:

- Average growth rates of between – 6,3% and 10%.
- Discount rate of 14,79%. (Weighted average cost of capital).

2.3 Fair value of the group's main property assets were based on appraisals performed by Balme van Wyk and Tugman (Pty) Ltd, independent valuers, in June 2016. The fair values of the properties were determined on an open market valuation basis. The valuation processes and fair value changes are reviewed by the board of directors and audit committee at each reporting date. These are all measured using a Level 3 approach. The key assumptions used in the valuation were a gross monthly rental income which was adjusted by a cost ratio and using a yield between 10,75% and 12,25%.

2.4 The net carrying value of the properties would have been R651 538 236 (2015: R596 946 575) had the assets been measured using the historical cost model.

COMPANY 2015 R000	COMPANY 2016 R000		GROUP 2016 R000	GROUP 2015 R000
		3. GOODWILL		
		Opening net book value	–	–
		Acquisition of subsidiaries	–	–
		Impairment	–	–
–	–	Closing net book value	–	–
		Summary		
		Gross carrying amount	**128 934**	128 934
		Impairment	**(128 934)**	(128 934)
–	–	Net carrying amount	–	–
		4. INTEREST IN SUBSIDIARIES		
1 390 843	**1 390 843**	Shares at cost	–	–
(2 864)	**(7 088)**	Less accumulated impairment	–	–
1 387 979	**1 383 755**		–	–
43 845	**22 990**	Amount owing by subsidiaries	–	–
1 431 824	**1 406 745**		–	–
1 387 979	**1 383 755**	Shown as non-current assets	–	–
43 845	**22 990**	Shown as current assets	–	–
		The amounts owing by the subsidiaries are unsecured, bear interest at market related rates determined from time to time and have various repayment terms. All terms are considered to be short term.		

COMPANY			GROUP	
2015	2016		2016	2015
R000	R000		R000	R000
		5. INTEREST IN ASSOCIATES		
		Associated companies		
130 284	**130 284**	Shares at cost	**170 419**	162 168
(9 324)	**(9 324)**	Less accumulated impairment	**–**	–
–	**–**	Share of post-acquisition reserves	**59 906**	72 511
120 960	**120 960**	Total carrying value	**230 325**	234 679
11 438	**25 838**	Loans	**41 832**	5 351
132 398	**146 798**		**272 157**	240 030

Associated company details are set out on page 63.

Fair value of listed investments in Cognition Holdings Limited at 30 June was R84,4 million (2015: R99,4 million) based on the share price.

Loans to associated companies

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. The group's exposure to credit risk with regard to loans is the maximum amount reflected in the gross carrying value of the loan.

Interest rate risk refers to the risk that the fair value of future cash flows of the loans will fluctuate because of changes in market interest rates which are charged on the loan accounts.

Management assesses the recoverability of the loans on an ongoing basis. The loans are unsecured, bear interest at market related rates agreed upon from time to time and have various repayment terms.

At 30 June 2016, if interest rates had been 1% higher with all other variables held constant, group post-tax profit for the year would have increased by approximately R0,1 million (2015: R0,1 million).

If interest rates had been 1% lower, group post-tax profit would have decreased by approximately R0,1 million (2015: R0,1 million).

COMPANY 2015 R000	COMPANY 2016 R000			GROUP 2016 R000	GROUP 2015 R000
		6.	**INVESTMENTS**		
			Listed investments – available-for-sale		
–	**–**		Old Mutual PLC	**34**	34
–	**–**			**34**	34
			Unlisted investments – available-for-sale		
			Thebe Convergent Technology Holdings (Pty) Ltd		
9 312	**72 119**		– preference shares	**72 119**	9 312
-	**-**		Stanlib Income Fund	**14 002**	19 680
9 312	**72 119**			**86 121**	28 992
9 312	**72 119**		**Total investments**	**86 155**	29 026
9 312	**72 119**		Fair value of investments	**86 155**	29 026

Investments listed – available-for-sale
Equity price risk refers to the risk that the fair value of the future cash flows of the listed investments will fluctuate because of changes in the market prices.

The Group's available for sale financial assets are valued using the fair market value at 30 June 2016.

Fair value estimation
IFRS 13 requires disclosures of fair value measurements by level of the following fair value measurement hierarchy:

Level 1 – Quoted prices available in active markets for identical assets or liabilities.

Level 2 – Inputs used, other than quoted prices, included within Level 1, that are observable for the asset or liability, either directly or indirectly.

Level 3 – Fair value determined by valuation that uses inputs that are not based on observable market data.

The level of each investment is determined as follows:

- Old Mutual is Level 1
- Stanlib is Level 2
- Thebe Convergent Technology is Level 3

COMPANY 2015 R000	COMPANY 2016 R000			GROUP 2016 R000	GROUP 2015 R000
		7.	**INVENTORIES**		
			Raw materials	**559 862**	569 723
			Work in progress	**76 473**	73 372
			Finished goods	**169 894**	168 564
–	**–**			**806 229**	811 659
			Comprising:		
			Inventory at cost	**792 293**	797 039
			Inventory at net realisable value	**13 936**	14 620
–	**–**			**806 229**	811 659
–	**–**		Write down of inventories to fair value less costs to sell as an expense	**4 313**	3 170

COMPANY 2015 R000	COMPANY 2016 R000				GROUP 2016 R000	GROUP 2015 R000
		8.	**ACCOUNTS RECEIVABLE**			
–	**–**		Trade accounts receivable		**1 122 341**	1 014 614
–	**–**		Allowance for impairments		**(62 776)**	(45 365)
–	**–**		Prepayment and deferred expenditure		**21 056**	21 463
13 533	**19 134**		Other accounts receivable		**79 442**	61 346
13 533	**19 134**				**1 160 063**	1 052 058
			Trade accounts receivable			
			Exposure to credit risk			
			Gross trade receivables represents the maximum credit exposure.			
			The maximum exposure to credit risk at the reporting date was		**1 122 341**	1 014 614
			The maximum exposure to credit risk for gross trade receivables at the reporting date by type of customer was:			
				Average debtors terms (days)		
			Parastatals/government	60	**9 128**	10 049
			Corporates	30	**929 612**	862 571
			SMMEs	30	**170 310**	133 548
			Individuals	30	**13 291**	8 446
					1 122 341	1 014 614
			The Group has a relatively large diversity of customers and thus has a limited exposure to any one customer.			
			The maximum exposure to credit risk for gross trade receivables at the reporting date by geographical region was:			
				Average debtors terms (days)		
			South Africa	30	**1 064 267**	960 587
			Rest of Africa	60	**58 074**	54 027
					1 122 341	1 014 614

COMPANY 2015 R000	COMPANY 2016 R000		GROUP 2016 R000	GROUP 2015 R000
		8. ACCOUNTS RECEIVABLE continued		
		Management views the debtors' days per geographic region as within expectations compared with the group's standard payment terms for that region.		
		Debtors' days differ in Africa due to local economic and market conditions and risks involved in trading in that geographic region.		
		Credit risk is minimised through an initial new client acceptance procedure whereby potential customers are individually assessed before an appropriate credit limit is allocated to the new client. The group uses credit vetting agencies who maintain current credit data on most companies in South Africa.		
		Trade receivables		
		Within terms	**1 071 012**	973 933
		Current	**462 310**	517 936
		Due 30 days and less	**399 551**	308 659
		Due 30 to 60 days	**131 879**	97 554
		Due 60 to 90 days	**56 508**	40 947
		Due 90 days+	**20 764**	8 837
		Past due	**51 329**	40 681
		Due 60 to 90 days	**12 930**	9 154
		Due 90 days+	**38 399**	31 527
–	**–**		**1 122 341**	1 014 614
		Amounts past due and not impaired	**25 184**	26 982
		Listings of overdue customer balances are reviewed monthly and reviewed against their credit terms/limits. Customers exceeding their credit terms/limits must settle their overdue balances before any further credit is extended.		
		Appropriate action is taken to recover long overdue debts.		
		Allowance for impairment of debtors		
		Opening balance	**45 365**	37 710
		Impairment loss reversed	**(11 640)**	(10 170)
		Additional impairment loss	**29 051**	17 825
–	–		**62 776**	45 365
		The following impairment losses were recognised:		
		Financial difficulties/bankruptcy	**2 397**	2 174
		Absconded	**–**	947
		Dispute	**15 014**	4 534
–	–		**17 411**	7 655

COMPANY 2015 R000	2016 R000			GROUP 2016 R000	2015 R000
		8.	**ACCOUNTS RECEIVABLE** continued		
			Analysis of impairment of debtors		
			Current trade receivables	**699**	–
			Amounts in 30 days and less	**841**	370
			Amounts in 30 to 60 days	**1 366**	3 756
			Amounts in 60 to 90 days	**1 056**	721
			Amounts in 90 days+	**25 089**	12 978
–	**–**			**29 051**	17 825
			Other receivables		
			The carrying amount of the following financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:		
13 533	**19 134**		Other accounts receivable	**79 442**	61 346
13 533	**19 134**			**79 442**	61 346
		9.	**PREFERENCE SHARES LISTED – AVAILABLE-FOR-SALE**		
6 375	**6 375**		Preference shares earning a dividend, payable semi-annually, of 72% of prime	**6 375**	6 375
54 310	**53 930**		Preference shares earning a dividend payable semi-annually, of between 52,19% and 52,65% of prime	**53 930**	54 310
60 685	**60 305**			**60 305**	60 685
		10.	**PREFERENCE SHARES UNLISTED – AVAILABLE-FOR-SALE**		
1 050 000	**1 050 000**		Preference shares earning a dividend of between 52,50% and 58,42% of prime.	**1 050 000**	1 050 000
1 050 000	**1 050 000**			**1 050 000**	1 050 000

- The listed preference shares are classified as Level 1 per the fair value hierarchy
- The unlisted preference shares are classified as Level 2 per the fair value hierarchy

The group is exposed to interest rate risk as the dividend yield on the preference shares are linked to fixed percentages of the prime rate of interest, which is subject to fluctuations in the fair value of future cash flows.

The group is exposed to equity securities price risk on the listed preference shares as investments are held and classified on the statement of financial position as available for sale.

Management does not consider to have any credit risk associated with these investments in preference shares as the instruments are those of reputable counterparties that have a credit rating of at least A1 by Standard & Poor's.

At 30 June 2016, if interest rates had been 1% higher with all other variables held constant, group post-tax profit for the year would have increased by approximately R11,1 million (2015: R10,5 million)

If interest rates had been 1% lower group post-tax profit would have decreased by approximately R11,1 million (2015: R10,5 million)

Refer to note 27 for the amount of dividends and interest received.

COMPANY 2015 R000	COMPANY 2016 R000			GROUP 2016 R000	GROUP 2015 R000
		11.	**BANK AND CASH RESOURCES**		
–	**–**		Cash at bank	**493 428**	381 568
408 107	**319 766**		Cash on call and deposit	**414 592**	496 679
408 107	**319 766**			**908 020**	878 247
			The group's cash and cash equivalents and short-term deposits are placed with high credit quality financial institutions. As a result the group has insignificant credit risk with respect to cash and cash equivalents on the statement of financial position at year end. Surplus funds are invested in such a manner as to achieve maximum returns and whilst minimising risk. The group's cash deposits are for short periods ranging from daily to monthly at fluctuating market-related rates and exposure to interest rate risk therefore exists.		
			At 30 June 2016, if interest rates had been 1% higher with all other variables held constant, group post-tax profit for the year would have increased by approximately R5,1 million (2015: R7,4 million).		
			If interest rates had been 1% lower group post-tax profit would have decreased by approximately R5,1 million (2015: R7,4 million).		
		12.	**SHARE CAPITAL**		
			AUTHORISED		
			Ordinary shares		
30 000	**30 000**		1 200 000 000 ordinary shares of 2,5 cents each	**30 000**	30 000
			Preference shares		
200	**200**		100 000 6% cumulative participating preference shares of R2 each	**200**	200
			ISSUED		
			Ordinary shares		
9 751	**9 942**		397 678 122 (2015: 390 030 651) ordinary shares of 2,5 cents each	**9 942**	9 751
			Preference shares		
100	**100**		50 000 6% cumulative participating preference shares of R2 each	**100**	100
			ALLOCATED BUT UNISSUED		
			Ordinary shares		
200	**–**		8 000 000 ordinary shares of 2,5 cents each	**–**	200
			The unissued shares are under the control of the directors until the next annual general meeting.		

COMPANY 2015 R000	COMPANY 2016 R000			GROUP 2016 R000	GROUP 2015 R000
		13.	**NON-DISTRIBUTABLE RESERVES**		
			Comprises:		
4 469	**4 469**		Realisation reserve	**32 975**	32 975
–	**–**		Loans acquired at a discount	**16 515**	16 515
–	**–**		Surplus on revaluation of land and buildings (net of tax)	**205 360**	160 406
240 825	**289 156**		Fair value adjustments – investments (net of tax)	**282 932**	237 704
245 294	**293 625**			**537 782**	447 600
		14.	**RETAINED INCOME**		
878 430	**775 668**		Accumulated profits	**4 588 580**	4 396 852
		15.	**NON-CONTROLLING INTEREST**		
			Balance at beginning of the year	**56 999**	52 642
			Acquired	**(1 867)**	–
			Share of earnings	**8 445**	10 608
			Dividends	**(6 969)**	(6 251)
–	**–**		Balance at end of year	**56 608**	56 999
		16.	**DEFERRED TAXATION**		
(1 229)	**(2 142)**		Balance at beginning of year	**281 289**	262 778
–	**–**		Profit or loss transfer	**27 021**	19 424
(913)	**14 094**		Non-distributable reserves transfer – revaluations	**27 027**	(913)
(2 142)	**11 952**		Balance at end of year	**335 337**	281 289
			Comprising:		
–	**14 609**		Credit balances	**354 636**	283 431
(2 142)	**(2 657)**		Debit balances	**(19 299)**	(2 142)
			Deferred taxation comprises temporary differences arising on:		
–	**–**		– property, plant and equipment	**405 350**	369 887
(2 142)	**11 952**		– investments	**11 952**	(2 142)
–	**–**		– accounts receivable	**(10 092)**	(5 623)
–	**–**		– accounts payable	**(57 347)**	(66 492)
–	**–**		– assessed losses	**(5 642)**	(4 855)
–	**–**		– other	**(8 884)**	(9 486)
(2 142)	**11 952**			**335 337**	281 289

COMPANY 2015 R000	COMPANY 2016 R000		GROUP 2016 R000	GROUP 2015 R000
		17. ACCOUNTS PAYABLE		
–	–	Trade accounts payable	456 734	532 189
8 302	8 652	Sundry accounts payable and accruals	426 943	353 123
8 302	8 652		883 677	885 312

Trade payables

Management of liquidity risk

The group has negotiated favourable credit terms with suppliers, which enables the group to utilise its operating cash flow to full effect. The suppliers' age analysis is reviewed by management on a regular basis to ensure that credit terms are adhered to and suppliers are paid when due.

Currency risk

The group has clearly defined policies for the management of foreign currency risks. Transactions which create foreign currency cash flows are hedged with forward exchange and currency hedge contracts. Hedge accounting is not applied.

There are no further foreign currency risks.

Interest rate risk

The group has no material exposure to interest risk as there are no suppliers that charge interest.

COMPANY 2015 R000	COMPANY 2016 R000		GROUP 2016 R000	GROUP 2015 R000
		18. PROVISIONS		
		Bonus		
		Opening balance	67 557	72 214
		Additional provisions	80 853	68 371
		Acquired	–	6 340
		Utilised	(54 640)	(79 368)
–	–	Closing balance	93 770	67 557
		Leave pay		
		Opening balance	34 294	25 158
		Additional provisions	22 863	24 471
		Acquired	–	12 861
		Utilised	(24 140)	(28 196)
–	–	Closing balance	33 017	34 294
		Volume discount allowed		
		Opening balance	17 253	16 407
		Additional provisions	38 465	59 336
		Acquired	–	2 492
		Utilised	(47 483)	(60 982)
–	–	Closing balance	8 235	17 253
		Retrenchments		
		Opening balance	39 914	90 905
		Additional provisions	7 981	1 392
		Acquired	–	51 916
		Utilised	(13 471)	(104 299)
–	–	Closing balance	34 424	39 914

COMPANY			GROUP	
2015	2016		2016	2015
R000	R000		R000	R000
		18. PROVISIONS continued		
		Other		
		Opening balance	**65 882**	44 035
		Additional provisions	**57 035**	58 469
		Acquired	**–**	38 325
		Utilised	**(65 858)**	(74 947)
–	**–**	Closing balance	**57 059**	65 882
		Total provisions		
		Opening balance	**224 900**	248 719
		Additional provisions	**207 197**	212 039
		Acquired	**–**	111 934
		Utilised	**(205 592)**	(347 792)
–	**–**	Closing balance	**226 505**	224 900

Bonuses are generally paid in December and for management only upon approval of the financial statements by the Board.

The timing of the leave pay provision is uncertain as leave pay is only payable when an employee leaves the employment of the group or is utilised when an employee takes leave.

Volume discounts are paid after the financial year-end.

The retrenchment provision relates to the costs relating to severance of employees' services as a result of restructuring. The payments are made when the employees services are terminated.

The other provisions will be utilised after the financial year end.

19. AMOUNTS OWED TO GROUP COMPANIES

COMPANY 2015 R000	COMPANY 2016 R000		GROUP 2016 R000	GROUP 2015 R000
1 529 739	**1 542 779**	The amounts owed are unsecured, interest free and repayable on demand. All terms are considered to be short term.	**–**	–

20. FINANCIAL ASSETS BY CATEGORY

	Loans and receivables R000	Non-financial instruments R000	Available-for-sale R000	Total R000
GROUP				
2016				
Property, plant and equipment	**–**	**2 594 389**	**–**	**2 594 389**
Interests in associates	**41 832**	**230 325**	**–**	**272 157**
Investments	**–**	**–**	**86 155**	**86 155**
Loans to directors	**74 987**	**–**	**–**	**74 987**
Deferred taxation	**–**	**19 299**	**–**	**19 299**
Inventories	**–**	**806 229**	**–**	**806 229**
Accounts receivables	**1 139 007**	**21 056**	**–**	**1 160 063**
Taxation	**–**	**17 961**	**–**	**17 961**
Preference shares – listed	**–**	**–**	**60 305**	**60 305**
Preference shares – unlisted	**–**	**–**	**1 050 000**	**1 050 000**
Bank and cash resources	**908 020**	**–**	**–**	**908 020**
	2 163 846	**3 689 259**	**1 196 460**	**7 049 565**
2015				
Property, plant and equipment	–	2 484 914	–	2 484 914
Interests in associates	5 351	234 679	–	240 030
Investments	–	–	29 026	29 026
Loans to directors	71 416	–	–	71 416
Deferred taxation	–	2 142	–	2 142
Inventories	–	811 659	–	811 659
Accounts receivables	1 030 595	21 463	–	1 052 058
Taxation	–	10 226	–	10 226
Preference shares – listed	–	–	60 685	60 685
Preference shares – unlisted	–	–	1 050 000	1 050 000
Bank and cash resources	878 247	–	–	878 247
	1 985 609	3 565 083	1 139 711	6 690 403
COMPANY				
2016				
Interest in subsidiaries	**–**	**1 383 755**	**–**	**1 383 755**
Interest in associates	**25 838**	**120 960**	**–**	**146 798**
Investments	**–**	**–**	**72 119**	**72 119**
Loans to directors	**74 987**	**–**	**–**	**74 987**
Deferred taxation	**–**	**2 657**	**–**	**2 657**
Accounts receivables	**19 134**	**–**	**–**	**19 134**
Amounts owed by group companies	**22 990**	**–**	**–**	**22 990**
Preference shares – listed	**–**	**–**	**60 305**	**60 305**
Preference shares – unlisted	**–**	**–**	**1 050 000**	**1 050 000**
Bank and cash resources	**319 766**	**–**	**–**	**319 766**
	462 715	**1 507 372**	**1 182 424**	**3 152 511**
2015				
Interest in subsidiaries	–	1 387 979	–	1 387 979
Interest in associates	11 438	120 960	–	132 398
Investments	–	–	9 312	9 312
Loans to directors	71 416	–	–	71 416
Deferred taxation	–	2 142	–	2 142
Accounts receivables	13 533	–	–	13 533
Amounts owed by group companies	43 845	–	–	43 845
Preference shares – listed	–	–	60 685	60 685
Preference shares – unlisted	–	–	1 050 000	1 050 000
Bank and cash resources	408 107	–	–	408 107
	548 339	1 511 081	1 119 997	3 179 417

21. FINANCIAL LIABILITIES BY CATEGORY

	Non-financial instruments R000	Amortised cost R000	Total R000
GROUP			
2016			
Deferred taxation	**354 636**	**–**	**354 636**
Accounts payable	**–**	**883 677**	**883 677**
Taxation	**5 354**	**–**	**5 354**
Provisions	**226 505**	**–**	**226 505**
	586 495	**883 677**	**1 470 172**
2015			
Deferred taxation	283 431	–	283 431
Accounts payable	–	885 312	885 312
Provisions	224 900	–	224 900
	508 331	885 312	1 393 643
COMPANY			
2016			
Deferred taxation	**14 609**	**–**	**14 609**
Taxation	**1 708**	**–**	**1 708**
Accounts payable	**–**	**8 652**	**8 652**
Amounts owed to group companies	**–**	**1 542 779**	**1 542 779**
Bank overdraft	**–**	**119 047**	**119 047**
	16 317	**1 670 478**	**1 686 795**
2015			
Taxation	192	–	192
Accounts payable	–	8 302	8 302
Amounts owed to group companies	–	1 529 739	1 529 739
Bank overdraft	–	122 151	122 151
	192	1 660 192	1 660 384

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2016 continued

COMPANY 2015 R000	COMPANY 2016 R000			GROUP 2016 R000	GROUP 2015 R000
		22.	**TURNOVER**		
–	–		The group's turnover comprises invoiced sales and circulation revenue	**6 404 995**	6 261 388
		23.	**STAFF COSTS**		
			– Salaries, wages and bonuses	**1 368 176**	1 347 227
			– Retirement benefit costs	**66 063**	60 162
–	–			**1 434 239**	1 407 389
		24.	**OTHER NET OPERATING EXPENSES**		
			Income		
			Profit on sale of property, plant and equipment	**5 892**	11 045
			Foreign currency profits	**4 365**	1 785
–	–			**10 257**	12 830
			Expenditure		
			Auditors' remuneration:		
336	**353**		– audit fees	**7 031**	6 753
–	–		– (over)/underprovision previous year	**(48)**	53
–	**57**		– fees for other services	**391**	360
–	–		– expenses	**57**	24
336	**410**			**7 431**	7 190
			Fees for:		
			– administrative, managerial and secretarial services	**11 970**	14 100
			– royalties	**4 305**	3 606
–	–			**16 275**	17 706
			Foreign currency losses realised	**–**	2 234
			Operating leases:		
			– buildings	**28 410**	33 980
			– equipment	**4 038**	3 226
		25.	**DEPRECIATION AND IMPAIRMENT**		
			Depreciation and amortisation		
			– buildings and leasehold improvements	**6 552**	7 231
			– plant and machinery	**245 283**	234 585
			– motor vehicles	**7 427**	8 556
			– furniture and equipment	**28 376**	30 067
			– titles	**1 512**	288
–	–			**289 150**	280 727
			Impairment		
–	–		– plant and machinery	**27 583**	22 174
12 189	**4 224**		– interest in subsidiaries	**–**	–
12 189	**4 224**			**27 583**	22 174
12 189	**4 224**			**316 733**	302 901

26. DIRECTORS' EMOLUMENTS

	Executive Directors			Non-executive Directors							
	TD Moolman	PG Greyling	TJW Holden	PM Jenkins	ACG Molusi	NA Nemukula	J Phalane	T Slabbert	GM[1] Utian	P[2] Vallet	Total
	R000	R000	R000	R000	R000	R000	R000	R000	R000	R000	R000
Directors' fees				**1 087**	**160**	**160**	**171**	**229**	**–**	**–**	**1 807**
Fees for services											**–**
Salary	**3 600**	**2 214**	**2 168**								**7 982**
Bonuses		**5 000**	**2 000**								**7 000**
Travel allowance			**184**								**184**
Medical funding		**12**	**16**								**28**
Retirement funding		**232**	**157**								**389**
Total 2016	**3 600**	**7 458**	**4 525**	**1 087**	**160**	**160**	**171**	**229**	**–**	**–**	**17 390**
Total 2015	3 380	7 459	3 908	1 040	158	158	81	250	2 246	28	18 708

	2016	2015
	R000	R000
Paid by subsidiaries	**17 390**	18 708

[1] Resigned 17 May 2016.

[2] Resigned 31 August 2014.

COMPANY 2015 R000	COMPANY 2016 R000		GROUP 2016 R000	GROUP 2015 R000
		27. FINANCE INCOME		
31 713	**22 812**	– interest	**50 152**	53 562
50 594	**19 326**	– dividends: listed companies	**5 236**	4 949
33 886	**86 729**	– dividends: unlisted companies	**74 029**	58 824
33 437	**35 833**	– dividends: subsidiary companies	**–**	–
149 630	**164 700**		**129 417**	117 335
		28. FINANCE COSTS		
–	**–**	– interest on bank overdraft	**20**	43
–	**–**	– other interest	**1 704**	2 538
–	**–**		**1 724**	2 581
		29. FAIR VALUE MOVEMENTS ON CURRENCY DERIVATIVES		
–	**–**	Resulting from the fair value of foreign exchange contracts outstanding at year-end	**(4 365)**	(5 444)

COMPANY 2015 R000	COMPANY 2016 R000		GROUP 2016 R000	GROUP 2015 R000
		30. TAXATION		
		South African normal tax		
9 251	**7 661**	– current	**121 747**	146 745
(213)	**(155)**	– prior year	**(14 683)**	(3 359)
		Deferred tax		
–	**–**	– current	**21 096**	18 612
–	**–**	– prior year	**5 925**	812
9 038	**7 506**	Total tax	**134 085**	162 810
27 116	**45 844**	Tax at the standard rate of 28% on income before tax (2015: 28%)	**165 239**	167 074
18 078	**38 338**	Difference	**31 154**	4 264
		Reconciled as follows:		
29 604	**39 729**	– dividend income	**22 194**	17 857
–	**–**	– other non – taxable income	**3 164**	765
(11 739)	**(1 546)**	– disallowable expenses	**(3 441)**	(16 153)
213	**155**	– effect of prior year	**8 758**	2 547
–	**–**	– associate	**4 938**	8 447
–	**–**	– tax losses not utilised	**(4 288)**	(9 205)
–	**–**	– other	**(171)**	6
18 078	**38 338**		**31 154**	4 264
		Estimated tax losses included in deferred tax:		
		– at the beginning of year	**4 856**	9 243
		– incurred during the year	**4 761**	–
		– utilised during year	**(3 974)**	(4 387)
–	**–**	– at end of year	**5 643**	4 856
		The group has estimated tax losses of R88,1 million available for set off against future taxable income which has not been recognised as deferred tax assets.		

31. EARNINGS PER SHARE

Reconciliation between earnings and headline earnings

		2016		2015	
		Gross	Net of tax	Gross	Net of tax
		R000	R000	R000	R000
Earnings attributable to owners of the parent			**447 608**		423 274
Adjustments for:					
– impairment of property, plant and equipment		**27 583**	**19 860**	22 175	15 966
– profit on disposal of property, plant and equipment		**(5 892)**	**(4 242)**	(11 045)	(7 952)
Headline earnings			**463 226**		431 288
Earnings per share	(cents)		**112,5**		106,8
Headline earnings per share	(cents)		**116,4**		108,8

Reconciliation of weighted average number of shares	2016 Number of shares	2015 Number of shares
Weighted average number of shares in issue	**397 982 185**	391 632 132
Weighted average number of shares allocated in terms of the directors' share purchase scheme, but not issued	**–**	4 830 685
Earnings per share based on	**397 982 185**	396 462 817

Basic earnings per share is calculated by dividing the earnings attributable to the parent equity holders by the weighted average number of ordinary shares in issue during the year.

Basic headline earnings per share is calculated by dividing headline earnings by the weighted average number of ordinary shares in issue during the year.

COMPANY 2015 R000	COMPANY 2016 R000			GROUP 2016 R000	GROUP 2015 R000
		32.	**ORDINARY DIVIDENDS**		
235 097	**258 720**		Paid	**258 720**	235 097
		33.	**PREFERENCE DIVIDENDS**		
245	**265**		Paid	**265**	245
			The preference dividend consists of a fixed cumulative dividend of 6% per annum and an additional dividend of ½% of the nominal value of the preference shares of R2 per share for every completed 5% ordinary dividend of the nominal value of the ordinary shares of 2,5% per share in excess of 10% of the nominal value of the ordinary shares of 2,5 cents per share declared on the ordinary shares in respect of any one financial year.		
		34.	**COMMITMENTS**		
			Capital expenditure on plant and machinery		
			– approved but not contracted	**90 000**	144 000
			The capital expenditure will be financed from existing resources.		
			Operating lease commitments		
			Future minimum rentals under non-cancellable leases are as follows:		
			Within one year	**20 054**	19 649
			After one year, but not more than five years	**13 197**	13 874
–	**–**			**33 251**	33 523
			The lease commitments relates substantially to land and buildings with escalation clauses that are generally inflation linked. Options to renew the leases are on similar conditions to the current leases.		

COMPANY			GROUP	
2015	**2016**		**2016**	2015
R000	**R000**		**R000**	R000

35. FOREIGN EXCHANGE EXPOSURE

35.1 Currency risk

The group incurs currency risk as a result of transactions which are denominated in a currency other than the group entity's functional currency on purchases and sales.

The currencies giving rise to currency risk, in which the group primarily deals are Pound Sterling, US Dollars and Euros.

The group entities hedge all foreign-denominated trade creditors and trade debtors. The settlement of these transactions takes place within a normal business cycle.

The group has clearly defined policies for the management of foreign currency risks. Transactions which create foreign currency cash flows are hedged with forward exchange and currency hedge contracts. No uncovered foreign exchange commitments exist at the statement of financial position date. Speculative use of financial instruments or derivatives is not permitted and none has occurred during any of the periods presented.

35.2 Foreign currency contracts

The principal or contract amounts of foreign exchange and currency hedge contracts (in South African Rands) outstanding at balance sheet date were:

Company 2015 R000	Company 2016 R000		Ave rate of exchange	Group 2016 R000	Group 2015 R000
		Euro	17,0432	**291 190**	93 501
		Pound Sterling	22,1671	**9 818**	–
		US Dollar	15,1071	**106 114**	25 025
–	**–**			**407 122**	118 526

36. BORROWING POWERS

In terms of its Memorandum of Incorporation, the company's and group's borrowing powers are unlimited.

37. RELATED PARTIES

During the year the company and its subsidiaries, in the ordinary course of business, entered into various sale and purchase transactions with fellow subsidiaries. These transactions occurred under terms that are no more or less favourable than those arranged with third parties.

Directors

Certain members of senior management are executive directors. Details relating to directors emoluments and shareholdings in the company are disclosed in note 26 and the directors' report respectively.

Controlling shareholders

Messrs TD Moolman is a member of The Moolman & Coburn Partnership together with a number of other parties. In terms of an agreement concluded in 1985, the Partnership receives a commission on the group's advertising revenue which in 2016 amounted to R51,1 million (2015: R48,5 million).

The balance owing to the Partnership at the year end amounted to R4,4 million (2015: R4,4 million).

Subsidiaries

Details of investments in subsidiaries and jointly controlled entities are disclosed in the annexure on page 62.

Associates

Details of income from associates are disclosed in the statement of comprehensive income, note 5 and in the annexure on page 63.

Shareholders

The principal shareholders of the company are detailed in the shareholders' analysis in the Directors' report.

38. RETIREMENT BENEFIT PLANS

The group's main retirement benefit plans, the Hortors Group Pension and Provident Funds, are governed by the Pension Funds Act. The plans are structured as defined contribution plans as opposed to defined benefit plans: 5 357 (2015: 5 507) of the group's employees are covered by the plans.

COMPANY				GROUP	
2015	**2016**			**2016**	2015
R000	**R000**			**R000**	R000
		39.	**NOTES TO THE CASH FLOW STATEMENT**		
		39.1	**Cash generated by operations**		
96 843	**163 729**		Profit before taxation	**590 139**	596 692
–	**–**		Associate income	**(17 636)**	(30 168)
(31 713)	**(22 812)**		Interest received (net)	**(48 428)**	(50 981)
(117 917)	**(141 888)**		Dividends received	**(79 265)**	(63 773)
			Adjustment for non-cash items:		
–	**–**		– depreciation of property, plant and equipment	**289 150**	280 727
12 189	**4 224**		– impairment	**27 583**	22 174
–	**–**		– surplus on disposal of property, plant and equipment	**(5 892)**	(11 045)
–	**–**		– unrealised foreign currency profit	**–**	449
–	**–**		– profit on currency derivatives	**4 365**	5 444
–	**–**		– movement in provisions	**1 605**	(23 819)
(2 200)	**(3 571)**		– Deemed interest on interest-free loan granted in terms of the Share Purchase Scheme	**(3 571)**	(2 200)
43 188	**–**		– IFRS 2 share-based payment expense – equity-settled	**–**	43 188
390	**(318)**			**758 050**	766 688
		39.2	**Changes in working capital**		
–	**–**		Decrease in inventories	**5 430**	70 579
7 231	**(5 602)**		Decrease/(increase) in accounts receivable	**(108 005)**	145 249
368	**350**		Decrease/(increase) in accounts payable	**(6 000)**	(53 047)
–	**–**		Provisions acquired	**–**	(111 934)
–	**–**		Working capital acquired	**(2 478)**	–
7 599	**(5 252)**			**(111 053)**	50 847

COMPANY 2015 R000	COMPANY 2016 R000			GROUP 2016 R000	GROUP 2015 R000
		39.	**NOTES TO THE CASH FLOW STATEMENT** continued		
		39.3	**Taxation paid**		
(21 164)	**(192)**		Opening tax	**10 226**	(21 935)
(9 038)	**(7 506)**		Charged in profit or loss	**(107 064)**	(143 386)
192	**1 708**		Closing tax payable/(overpaid)	**(12 607)**	(10 226)
(30 010)	**(5 990)**			**(109 445)**	(175 547)
		39.4	**Dividends paid**		
(235 342)	**(258 985)**		Charged to reserves	**(258 985)**	(235 342)
–	**–**		Dividends of non-controlling interests	**(6 969)**	(6 251)
(235 342)	**(258 985)**			**(265 954)**	(241 593)
		39.5	**Investments – subsidiary businesses**		
–	**–**		Acquisitions (net of cash acquired)	**(19 198)**	(337 342)
74 871	**20 855**		Advances to group companies	**–**	–
74 871	**20 855**			**(19 198)**	(337 342)
		39.6	**Investments – associates and other investments**		
–	**–**		Acquisitions	**(8 251)**	(13 205)
–	**–**		Proceeds from disposal of investments	**5 678**	–
41	**(14 400)**		(Increase)/decrease in loans	**(6 284)**	24 031
41	**(14 400)**			**(8 857)**	10 826
		39.7	**Cash and cash equivalents**		
285 956	**200 719**		Cash	**908 020**	878 247
1 122 165	**1 122 166**		Preference shares at cost	**1 122 166**	1 122 165
(11 480)	**(11 861)**		Fair value adjustment	**(11 861)**	(11 480)
1 396 641	**1 311 024**		Fair value of cash and cash equivalents	**2 018 325**	1 988 932

39.8 Business combination

Compact Disc Technologies, a division of Times Media was acquired with an effective date of 1 April 2016. The acquired business contributed revenue of R9,4 million and a net loss after tax of R2,3 million. Had this business been acquired for the full reporting period the revenue would have been R40,6 million and the net loss after tax would be R9,2 million.

These amounts have been calculated using the group's accounting policies.

Nampak Cartons & Labels division which was acquired on 1 August 2014 was accounted for as a business combination in the previous year. The acquired business contributed revenue of R1 074 million and a net profit after tax of R39,9 million. Had this business been acquired for the full reporting period the revenue would have been R1 172 million and the net profit after tax would be R43,3 million.

Hozi Holdings (Pty) Ltd which was acquired on 1 July 2014 was accounted for as a business combination in the previous year. The acquired business contributed revenue of R0,894 million and a net loss after tax of R0,190 million. These amounts have been calculated using the group's accounting policies.

39. NOTES TO THE CASH FLOW STATEMENT continued

39.8 Business combination continued

Details of the assets and liabilities acquired and the goodwill are as follows:

	2016 Acquirees fair value R000	2015 Acquirees fair value R000
Property, plant and equipment	**21 676**	175 748
Intangibles	**–**	8 597
Inventories	**7 969**	243 252
Accounts receivable	**–**	215 114
Bank and cash resources	**–**	239
Accounts payable	**(10 447)**	(193 435)
Provisions	**–**	(60 018)
Retrenchment provisions	**–**	(51 916)
Fair value of net assets acquired	**19 198**	337 581
Total purchase consideration paid in cash	**(19 198)**	(337 581)
Initial investment amount	**–**	–
Total purchase consideration	**19 198**	337 581
Less: Cash and cash equivalents in subsidiary acquired	**–**	(239)
Cash flow on acquisition	**19 198**	337 342

	2016 Carrying amount R000	2015 Carrying amount R000
Property, plant and equipment	**21 676**	175 748
Intangibles	**–**	8 597
Inventories	**7 969**	243 252
Accounts receivable	**–**	215 114
Bank and cash resources	**–**	239
Accounts payable	**(10 447)**	(193 435)
Provisions	**–**	(60 018)
Retrenchment provisions	**–**	(51 916)
Fair value of net assets acquired	**19 198**	337 581
Total purchase consideration paid in cash	**(19 198)**	(337 581)

The purchase consideration is made up as follows:

2016

- acquisition of Times Media's CD/DVD replication business: R19,2 million

2015

- acquisition of the Nampak Cartons and Labels division: R328,4 million
- acquisition of digital media assets for property and vehicle verticals: R9,2 million

40. SEGMENTAL ANALYSIS

	GROUP			
	2016		2015	
	R000	%	R000	%
Revenue				
Publishing, printing and distribution	**4 976 694**	**78**	4 953 458	79
Packaging	**1 987 843**	**31**	1 933 608	31
Other	**281 433**	**4**	307 109	5
Inter-group sales – Publishing, printing and distribution	**(786 572)**	**(12)**	(862 779)	(14)
Inter-group sales – Packaging	**(49 532)**	**(1)**	(61 698)	(1)
Inter-group sales – Other	**(4 871)**	**–**	(8 310)	–
	6 404 995	**100**	6 261 388	100
Net profit from operating activities and finance income				
Publishing, printing and distribution	**307 956**	**65**	348 622	73
Packaging	**151 492**	**32**	165 589	35
Other	**13 739**	**3**	(37 023)	(8)
	473 187	**100**	477 188	100
Other information				
Total assets				
Publishing, printing and distribution	**2 970 189**	**42**	2 816 959	42
Packaging	**1 330 130**	**19**	1 259 676	19
Other	**2 749 246**	**39**	2 613 768	39
	7 049 565	**100**	6 690 403	100
Total liabilities				
Publishing, printing and distribution	**781 859**	**53**	826 562	59
Packaging	**405 634**	**28**	385 721	28
Other	**282 679**	**19**	179 258	13
	1 470 172	**100**	1 391 541	100
Capital expenditure				
Publishing, printing and distribution	**173 388**	**46**	141 067	31
Packaging	**104 832**	**28**	171 010	38
Other	**96 499**	**26**	141 547	31
	374 719	**100**	453 624	100
Depreciation and impairment				
Publishing, printing and distribution	**208 013**	**66**	206 943	68
Packaging	**91 461**	**29**	80 117	27
Other	**17 259**	**5**	15 841	5
	316 733	**100**	302 901	100

The group operates in South Africa.

41. CAPITAL MANAGEMENT

The primary objective of the company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2016 and 30 June 2015. The company had no debt during the years under review.

42. SHARE-BASED PAYMENTS – CASH SETTLED

In 2015, the group implemented a staff share incentive scheme whereby share appreciation rights have been allocated to selected employees, which gave rise to a charge of Rnil (2015: R21,3 million).

This scheme operates as a cash bonus scheme where the bonus is calculated with reference to the share price based on a unit allocation. The allocation period is spread equally over three years, and the bonuses will be determined over a further four years.

	Date of grant	Number of share appreciation rights
Grant 1	1 July 2014	5 833 333
Grant 2	30 June 2016	5 833 333
Grant 3	30 June 2017	5 833 334

The first grant was issued at R15 a share, in line with the share price around the date of the grant.

The second grant was issued at R13,54 a share, being the 30 day weighted average Caxton share price on the JSE as at the issue date (30 June 2016).

The third issue will be granted at the 30-day weighted average Caxton share price on the JSE as at the issue date (30 June 2017).

The share appreciation rights vests as follows:

– 25% will vest on 30 June 2018
– 25% will vest on 30 June 2019
– 25% will vest on 30 June 2020
– 25% will vest on 30 June 2021

The values of the share appreciation rights were determined using the Black-Scholes Merton Option Valuation Model, for cash settled instruments. The model inputs were as follows:

2016	**Grant 2**
Share price at reporting date	R13,63
Exercise price	R15,00
Expected volatility	29,55%
Risk free interest rate	8,70%
Dividend yield	4,80%
Fair value	R2,63
Market to market value	(R1,64)
Intrinsic value (R'000)	(R2 272)

2015	**Grant 1**
Share price at reporting date	R18,65
Exercise price	R19,33
Expected volatility	44,93%
Risk free interest rate	8,43%
Dividend yield	3,08%
Fair value	R7,47
Market to market value	R3,65
Intrinsic value (R'000)	R5 057

The exercise price is based on the assumed weighted average price across all three issues as at 30 June 2017.

The volatility is based on statistical analysis of the daily share prices over the last five years, prior to the reporting date. The group expects the future volatility of its share price to be in line with the historical volatility.

43. SHARE-BASED PAYMENTS – EQUITY SETTLED

In 2015 the Company entered into share subscription agreements with the Greyling Family Trust and the Holden Family Trust.

The salient features of these agreements are summarised as follows:

- T Holden and P Greyling (collectively referred to as the directors) will each set up a trust which will subscribe for 4 000 000 Caxton shares at a subscription price of R15 per share.
- The directors will loan each of the respective trusts R3 000 000 while Caxton will loan the trust R57 000 000 to facilitate the above purchase of shares.
- The loan between the trusts and Caxton will be interest free and is only repayable on the basis that if the trust sells any portion of the Caxton shares, the trust will be required to repay a portion of the loan with Caxton equivalent to R14,25 per Caxton share sold.
- The loan will be repayable 25 years after advance date, or 10 years after the termination of either of the directors employment contract, which ever date is the earliest.

The IFRS 2 charge has been calculated as the difference between 95% of the fair value of the shares and the present value of the R57 000 000 loan on the effective date of the transaction, with the present value of the loan being calculated using the assumed repayment period of the loan.

The following assumptions were applied in calculating the IFRS 2 charge:

- Fair value of the shares – R14,79, being the share price at 10 November 2014;
- Repayment term of 10 years;
- Discount rate of 5%, being the opportunity cost of lost interest for the Group as a result of the loans advanced to the trusts.

The value of the IFRS 2 charge amounted to R43 187 641 in 2015.

Based on the assumption that the loans unwind over a ten year period, interest income of R3 570 806 (2015: R2 199 753) has been credited to the statement of comprehensive income during the year under review.

INFORMATION RELATING TO SUBSIDIARIES AND JOINTLY CONTROLLED ENTITIES

		Holding		Cost/valuation		Owing	
		2016	2015	**2016**	2015	**2016**	2015
Name	**Nature of operations**	**%**	%	**R000**	R000	**R000**	R000
Directly held							
Caxton Publishers and Printers	Holding company	**100**	100	**1 351 490**	1 351 490	**20 640**	41 317
Caxton Share Investments	Investments	**100**	100				
Capricorn Books	Printing	**90**	90	**565**	565		
Darwain Investments	Printing	**60**	60	**494**	494		
Highway Mail	Publishing	**67**	67	**471**	471		
Impala Stationery Manufacturers	Stationery manufacturer	**100**	100				
Moneyweb Holdings	Integrated media	**50**	50	**13 632**	17 856		
Noordwes Koerante	Publishing	**90**	90				
Northwest Web Printers	Printing	**90**	90				
Ramsay Media	Publishing	**100**	100	**13 921**	13 921		
Raylene Designs	Repro designs	**100**	100				
Ridge Times	Publishing	**67**	67	**512**	512		
Saxton Investments	Investments	**100**	100				
Ukhozi Press	Printing	**86**	86	**173**	173		
Zululand Observer	Publishing	**60**	60	**2 497**	2 497		
Indirectly held							
CTP Limited	Publishing and printing	**100**	100				
CTP Digital Services	CD and DVD replication	**100**	100				
Direct Stationery U.K.	Stationery distributors	**100**	100				
Erfrad 13	Property owning	**100**	100				
Habari Media	Publishing	**100**	100				
Highway Printers	Printing	**100**	100				
Kagiso Publishers	Printing	**100**	100				
Magscene	Magazine distributors	**100**	100				
Mega Digital	Printing	**51**	51				
Pecanview Properties	Property owning	**100**	100				
Project Northwards	Property owning	**100**	100				
The Citizen Limited	Holding company	**100**	100				
The Citizen (1978)	Publishing	**100**	100				
Tight Lines	Publishing	**100**	100				
Thornbird Trade & Invest 100	Printing	**67**	67				
Bucket Full	Packaging	**100**	100				
Hozi Holdings	Publishing	**100**	100				
Perskor News Agency	Magazine distributors	**100**	100				
				1 383 755	1 387 979	**20 640**	41 317
Jointly controlled entities							
Guzzle Media		**50**	–			**–**	–
MCS Caxton International Press	Distribution	**50**	50			**–**	28
Mahareng Publishing	Publishing	**50**	50			**1 850**	2 000
Safeway Publishing	Packaging	**50**	50			**500**	500
Remade Publishing	Recycling	**50**	50			**–**	–
Umlingo	Stationery distributors	**50**	50			**–**	–
Levain	Publishing	**50**	50			**–**	–
				–	–	**2 350**	2 528
				1 383 755	1 387 979	**22 990**	43 845

All are private companies unless otherwise stated and are incorporated in the Republic of South Africa. There is no individual subsidiary with a material non-controlling interest.

INFORMATION RELATING TO ASSOCIATES

		Holding %		Cost/valuation		Owing	
		2016	2015	2016	2015	2016	2015
Name	Nature of operations	%	%	R'000	R'000	R'000	R'000
Directly held							
Capital Media (Feb)	Newspaper publisher	**50**	50	**–**	–		
Carpe Diem	Magazine publisher	**30**	30	**4 728**	4 728		
Cognition Holdings	Digital and telecommunication solutions	**34**	34	**108 747**	108 747		
Ezweni Magazine Distribution	Magazine distributor	**46**	46	**–**	–		
FBC Properties	Property owning	**50**	50	**1 352**	1 352		
Fordsburg Mayfair Media	Newspaper publisher	**50**	50	**–**	–		
Green Willow Properties 177	Property owning	**50**	50	**–**	–		
Heraut Publiseerders	Newspaper publisher	**50**	50	**189**	189	**1 469**	310
Hutton Trading	Advert delivery	**50**	50	**250**	250	**2 650**	2 650
Ince Holdings	Printer	**26**	26	**2 181**	2 181		
Leo Kantoor Meubels	Property owning	**50**	50	**–**	–		
Lincroft Books (March)	Newspaper publisher	**49**	49	**8 381**	130	**727**	
Lonehill Trading(March)	Magazine publisher	**50**	50	**1 170**	1 170	**1 902**	1 893
Mooivaal Media (March)	Newspaper publisher	**50**	50	**1 565**	1 565		
Overdrive Publishing	Magazine publisher	**25**	25	**1 250**	1 250	**2 947**	3 079
Rising Sun Community Newspapers	Newspaper publisher	**45**	45	**–**	–	**(11 443)**	(6 702)
Ronain Investments	Property owning	**50**	50	**33**	33	**14 219**	17
Rowaga Properties	Property owning	**50**	50	**1 175**	1 175		
Sentrale Makelaars	Dormant	**50**	50	**56**	56		
Shumani Print Services	Printer	**49**	49	**3 159**	3 159	**4 120**	3 799
Tambuti Brits	Property owning	**50**	50	**–**	–		
Tambuti Enterprise	Property owning	**50**	50	**143**	143		
Tambuti Upington	Property owning	**50**	50	**–**	–		
Tambuti Vryburg	Property owning	**50**	50	**–**	–		
Wordsmiths	Newspaper publisher	**50**	50	**3 750**	3 750		
Indirectly held							
BM Management	Consumable supplier	**30**	–				
Capital Newspapers	Newspaper publisher	**45**	45	**–**	–	**3 325**	
Octotel (Pty) Ltd (Feb)	Fibre to the home	**25**	–	**–**			
RSA Web (Feb)	Internet service provider	**25**	25	**20 090**	20 090	**20 189**	
Vehicle Traders Limited Edition	Digital subscription sales	**50**	50	**12 200**	12 200	**1 727**	305
				170 419	162 168	**41 832**	5 351

All are private companies except Cognition Holdings, and all are incorporated in South Africa.

The financial year-ends are June unless otherwise stated.

Investments of between 25% and 50% are accounted as associates.

INFORMATION RELATING TO ASSOCIATES *continued*

The group's proportional share of interest in associated companies and jointly controlled entities is as follows:

	Associated companies		Jointly controlled entities	
	2016	2015	**2016**	2015
	R000	R000	**R000**	R000
STATEMENT OF FINANCIAL POSITION				
Property, plant and equipment	**96 023**	78 792	**934**	1 327
Investments and long-term receivables	**4 491**	18 710	**–**	–
Current assets	**110 701**	120 207	**8 692**	3 641
Total assets	**211 215**	217 709	**9 626**	4 968
Long-term liabilities	**13 862**	18 796	**4 200**	2 250
Deferred taxation	**4 580**	4 713	**(64)**	(110)
Current liabilities	**63 707**	59 099	**4 784**	1 889
Total liabilities	**82 149**	82 608	**8 920**	4 029
Attributable net asset value	**129 066**	135 101	**706**	939
STATEMENT OF COMPREHENSIVE INCOME				
Turnover	**287 351**	265 325	**25 721**	9 871
Income before taxation	**25 058**	38 065	**6 076**	2 057
Taxation	**(7 422)**	(7 897)	**(1 705)**	(571)
Net income for the year	**17 636**	30 168	**4 371**	1 486

NOTICE OF ANNUAL GENERAL MEETING

CAXTON AND CTP PUBLISHERS AND PRINTERS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1947/026616/06)
Share code: CAT ISIN: ZAE000043345
Preference share code: CATP ISIN: ZAE000043352
("Caxton" or "the company")

NOTICE OF MEETING

Notice is hereby given that the annual general meeting of shareholders of the company ("the meeting") will be held in the boardroom, Caxton House, 368 Jan Smuts Avenue, Craighall Park, Johannesburg, on Wednesday, 7 December 2016 at 10:00.

RECORD DATE, ATTENDANCE AND VOTING

The record date for determining which shareholders are entitled to notice of the meeting is Friday, 28 October 2016 and the record date for determining which shareholders are entitled to participate in and vote at the meeting is Friday, 2 December 2016. The last day to trade in order to be eligible to vote at the meeting is accordingly Tuesday, 29 November 2016.

If you hold dematerialised shares which are registered in your name or if you are the registered holder of certificated shares:

- you may attend the meeting in person;
- alternatively, you may appoint a proxy to represent you at the meeting by completing the enclosed form of proxy in accordance with the instructions it contains and returning it to Computershare Investor Services Proprietary Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) ("transfer secretaries") to be received not later than 48 (forty-eight) hours (excluding Saturdays, Sundays and gazetted South African public holidays) prior to the meeting.

If you hold dematerialised shares which are not registered in your name:

- and wish to attend the meeting, you must obtain the necessary letter of representation from your Central Securities Depository Participant ("CSDP") or broker;
- and do not wish to attend the meeting but would like your vote to be recorded at the meeting, you should contact your CSDP or broker and furnish them with your voting instructions;
- you must **not** complete the enclosed form of proxy.

A shareholder who is entitled to attend and vote at the meeting is entitled, by completing the enclosed form of proxy and delivering it to the company in accordance with the instructions on that form of proxy, to appoint a proxy to attend, participate in and vote at the meeting in that shareholder's place. A proxy need not be a shareholder of the company.

All meeting participants (including shareholders and proxies) may be required to provide satisfactory identification to the chairman of the meeting. Forms of identification include valid identity documents, passports and driver's licences.

PURPOSE OF MEETING

The purpose of this meeting is to consider and, if deemed fit, to pass, with or without modification, the ordinary and special resolutions set out below.

Ordinary resolutions
To consider, and, if deemed fit, approve the following ordinary resolutions with or without modification.

Voting requirement: In order to be adopted, all ordinary resolutions require the support of a majority of the votes cast by shareholders present or represented by proxy at the meeting. The quorum for the meeting is 25% of the issued share capital of the company.

1. ***Ordinary resolution number 1: adoption of annual financial statements***
   "Resolved that:
   The annual financial statements of the company and the group for the year ended 30 June 2016 be and are hereby approved."

Explanation: The reason for and effect of ordinary resolution number 1 is to receive and approve the annual financial statements for the company and the group for the year ended 30 June 2016.

2. ***Ordinary resolution number 2: to place the unissued shares of the company under the control of the directors***

   "Resolved that:

   All the unissued shares in the capital of the company be placed under the control of the directors in terms of article 6 of the Memorandum of Incorporation of the company as a general authority in terms of the Companies Act, No 71 of 2008, as amended ("the Act"), who are hereby authorised to allot and issue shares in the capital of the company to those persons, upon such terms and conditions, as the directors in their sole discretion deem fit, until the next annual general meeting and subject to the provisions of the Act and the Listings Requirements of the Johannesburg Stock Exchange ("the JSE")."

   Explanation: In terms of the general authority under the Act, the authority given at the previous annual general meeting needs to be renewed.

3. ***Ordinary resolution number 3: re-election of directors***

   "Resolved that:

   3.1 Mr PM Jenkins, who retires by rotation in terms of the Memorandum of Incorporation of the company and who is eligible and available for re-election, be and is hereby re-elected as a director of the company.

   3.2 Ms T Slabbert, who retires by rotation in terms of the Memorandum of Incorporation of the company and who is eligible and available for re-election, be and is hereby re-elected as a director of the company."

   Explanation: The reason for ordinary resolution number 3 is that the Memorandum of Incorporation requires that a third of the company's non-executive directors retire at the annual general meeting. A retiring director, if eligible, may be re-elected.

   Brief biographies of these directors appear on page 3 of the integrated annual report. The ordinary resolutions number 3.1 and 3.2 will be considered separately.

4. ***Ordinary resolution number 4: reappointment of independent auditors***

   "Resolved that:

   Grant Thornton Johannesburg Partnership be and is hereby reappointed as independent auditors of the company and Ms MA da Costa is represented as the designated auditor, from the conclusion of this annual general meeting until the conclusion of the next annual general meeting of the company."

   Explanation: The reason for ordinary resolution number 4 is that the company, being a listed public company, must appoint an independent auditor and have its annual financial statements audited.

5. ***Ordinary resolution number 5: re-election of the Audit and Risk Committee chairman and members***

   "Resolved that:

   5.1 Ms T Slabbert be and is hereby re-elected as a member and chairman of the Audit and Risk Committee until the conclusion of the next annual general meeting.

   5.2 Mr ACG Molusi be and is hereby re-elected as a member of the Audit and Risk Committee until the conclusion of the next annual general meeting.

   5.3 Mr NA Nemukula be and is hereby re-elected as a member of the Audit and Risk Committee until the conclusion of the next annual general meeting."

   Explanation: To elect Ms T Slabbert, Mr ACG Molusi and Mr NA Nemukula who are recommended by the Board and whose appointment automatically terminates on the day of the meeting. The reason for ordinary resolution number 5 is that at each annual general meeting, a public company must elect an Audit and Risk Committee comprising at least three members, all of whom must be independent non-executive directors.

   Brief biographies of these directors appear on page 3.

   The ordinary resolutions number 5.1, 5.2 and 5.3 will be considered separately.

6. ***Ordinary resolution number 6: authority to sign documentation***

"Resolved that:

Any director of the company or the Company Secretary be and is hereby authorised to take all actions necessary and sign all documentation required to give effect to the ordinary and special resolutions which have been passed at the meeting."

Special resolutions

To consider and, if deemed fit, approve the following special resolutions with or without modification.

Voting requirements: In order to be adopted, all special resolutions require the support of 75% or more of the votes cast by shareholders present or represented by proxy at the meeting. The quorum for the meeting is 25% of the issued share capital of the company.

7. ***Special resolution number 1: general authority for company and/or subsidiary to acquire the company's own shares***

"Resolved that:

The company and/or a subsidiary of the company be and is hereby authorised to repurchase or purchase, as the case may be, ordinary shares issued by the company on such terms and conditions and in such amounts as the directors of the company may decide, but subject always to the provisions of section 48 of the Act and the Listings Requirements of the JSE, which currently stipulate that:

- the repurchase of securities must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counterparty (reported trades are prohibited);
- at any point in time the company may only appoint one agent to effect any repurchases on the company's behalf;
- the company or any of its subsidiaries may not repurchase securities during a prohibited period as defined in paragraph 3.67 in the Listings Requirements of the JSE;
- this general authority shall only be valid until the company's next annual general meeting, provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this special resolution;
- a paid press announcement will be published as soon as the company has acquired ordinary shares constituting, on a cumulative basis, 3% (three percent) of the number of ordinary shares in issue, at the time of passing of this special resolution, and any 3% (three percent) increments thereafter, which announcements shall contain full details of such acquisitions;
- acquisitions of ordinary shares by the company in terms of this general authority in the aggregate in any one financial year may not exceed 20% (twenty percent) of the company's issued ordinary share capital nor may any subsidiary hold more than 10% (ten percent) of the company's issued share capital at any one time;
- in determining the price at which ordinary shares issued by the company are acquired in terms of this general authority, the maximum price at which such ordinary shares may be acquired may not be greater than 10% (ten percent) above the weighted average of the market price at which such ordinary shares traded on the JSE over the 5 (five) business days immediately preceding the date on which the transaction is effected."

The general authority to repurchase the company's shares will be acted upon within the parameters laid down by the JSE, as and when the directors deem it to be appropriate. After considering the effect of a general repurchase within these parameters, the directors are of the view that, for a period of at least 12 (twelve) months after the date of this notice:

- Caxton and the group will be able in the ordinary course of business to pay its debts;
- the assets of Caxton and the group, fairly valued in accordance with accounting policies used in the latest audited report, will be in excess of the liabilities of the company and the group for a period of 12 (twelve) months after the date of this notice of annual general meeting;
- the ordinary capital and reserves of Caxton and the group will be adequate for the purposes of the company's and the group's businesses, respectively; and the working capital of Caxton and the group will be adequate for their requirements.

Explanation: The reason for and effect of special resolution number 1 is to give a mandate to the directors to repurchase or purchase ordinary shares issued by the company.

8. *SPECIAL RESOLUTION NUMBER 2: APPROVAL OF NON-EXECUTIVE DIRECTORS' FEES*

"Resolved that:

The remuneration of the non-executive directors for the year 1 January 2017 to 31 December 2017 be as follows:

PM Jenkins	R1 213 200
T Slabbert	R252 250
ACG Molusi	R177 500
NA Nemukula	R177 500
J Phalane	R177 500

Explanation: The reason for and effect of special resolution number 2 is to grant the company the authority to pay fees to its non-executive directors for their services as directors.

9. *SPECIAL RESOLUTION NUMBER 3: FINANCIAL ASSISTANCE TO RELATED OR INTER-RELATED ENTITIES TO THE COMPANY*

"Resolved that:

The Board of Directors is authorised, in terms of and subject to the provisions of section 45 of the Act, to cause the company to provide financial assistance to any company or corporation that is related or inter-related to Caxton."

Explanation: The reason for and effect of special resolution number 3 is to grant the directors of the company the authority to cause the company to provide financial assistance to any entity which is related or inter-related to the company. This special resolution does not authorise the provision of financial assistance to a director or prescribed officer of the company.

10. *SPECIAL RESOLUTION NUMBER 4: FINANCIAL ASSISTANCE FOR SUBSCRIPTION FOR OR PURCHASE OF SECURITIES BY RELATED OR INTER-RELATED ENTITIES TO THE COMPANY*

"Resolved that:

The Board of Directors is authorised, in terms of and subject to the provisions of section 44 of the Act, to cause the company to provide financial assistance to any company or corporation that is related or inter-related to Caxton for the subscription for or purchase of securities in the company or in any company or corporation that is related or inter-related to the company."

Explanation: The reason for and effect of special resolution number 4 is to grant the directors of the company the authority to cause the company to provide financial assistance for the subscription or purchase of securities to any entity which is related or inter-related to the company. This special resolution number 4 does not authorise the provision of financial assistance to a director or prescribed officer of the company.

11. *NON-BINDING ADVISORY RESOLUTION NUMBER 1: APPROVAL OF REMUNERATION POLICY*

"Resolved that:

The company's remuneration policy as set out in the corporate governance report, be and is hereby approved.

Explanation: The policy is tabled in terms of King III, to enable shareholders to express their views on the remuneration policies adopted and on their implementation. This ordinary resolution is advisory in nature only, but will be taken into consideration when considering the company's remuneration policy in the future.

ADDITIONAL DISCLOSURE REQUIREMENTS IN TERMS OF THE LISTINGS REQUIREMENTS OF THE JSE

As per section 11.26(b) of the Listings Requirements of the JSE, shareholders are referred to the following sections in the integrated annual report to which this notice of the meeting is attached:

- Details of directors on page 3;
- Directors' interests in securities on page 21 (there are no non-beneficial interests);
- Major shareholders on page 22;
- Material changes in the nature of the company's trading or financial position post-30 June 2016 on page 22; and
- The share capital note 12 on page 44.

LITIGATION STATEMENT

The directors are not aware of any legal or arbitration proceedings active, pending or threatened against or being brought by the company, which may have a material effect on the group's financial position or which have had a material effect during the 12 months preceding the date of this notice.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors, whose names appear on page 3 of the integrated annual report, collectively and individually, accept full responsibility for the accuracy of the information pertaining to special resolution number 1 and certify that, to the best of their knowledge and belief, there are no facts which have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the resolution contains all information relevant to special resolution number 1.

MATERIAL CHANGES

Other than the facts and developments reported on in the annual financial statements, there have been no material changes in the affairs or financial position of the company and its subsidiaries since the date of signature of the audit report and up to the date of this notice.

By order of the Board

N Sooka
Company Secretary

26 October 2016

Registered office
28 Wright Street
Industria West
Johannesburg, 2093
PO Box 43587
Industria, 2042

Transfer Secretaries
Computershare Investor Services Proprietary Limited
70 Marshall Street
Johannesburg, 2001
PO Box 61051, Marshalltown, 2107

SUMMARY OF RIGHTS ESTABLISHED BY SECTION 58 OF THE COMPANIES ACT, NO 71 OF 2008 ("COMPANIES ACT"), AS REQUIRED IN TERMS OF SUBSECTION 58(8)(b)(i)

1. A shareholder may at any time appoint any individual, including a non-shareholder of the company, as a proxy to participate in, speak and vote at a shareholders' meeting on his or her behalf (section 58(1)(a)), or to give or withhold consent on behalf of the shareholder to a decision in terms of section 60 (shareholders acting other than at a meeting) (section 58(1)(b)).

2. A proxy appointment must be in writing, dated and signed by the shareholder, and remains valid for one year after the date on which it was signed or any longer or shorter period expressly set out in the appointment, unless it is revoked in terms of paragraph 6.3 or expires earlier in terms of paragraph 10.4 below (section 58(2)).

3. A shareholder may appoint two or more persons concurrently as proxies and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder (section 58(3)(a)).

4. A proxy may delegate his or her authority to act on behalf of the shareholder to another person, subject to any restriction set out in the instrument appointing the proxy ("proxy instrument") (section 58(3)(b)).

5. A copy of the proxy instrument must be delivered to the company, or to any other person acting on behalf of the company, before the proxy exercises any rights of the shareholder at a shareholders' meeting (section 58(3)(c)) and in terms of the Memorandum of Incorporation ("MOI") of the company at least 48 hours before the meeting commences.

6. Irrespective of the form of instrument used to appoint a proxy:

   6.1 the appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder (section 58)(4)(a));

   6.2 the appointment is revocable unless the proxy appointment expressly states other wise (section 58(4)(b)); and

   6.3 if the appointment is revocable, a shareholder may revoke the proxy appointment by cancelling it in writing or by making a later, inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the company (section 58(4)(c)).

7. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of the date stated in the revocation instrument, if any, or the date on which the revocation instrument was delivered as contemplated in paragraph 6.3 above (section 58(5)).

8. If the proxy instrument has been delivered to a company, as long as that appointment remains in effect, any notice required by the Companies Act or the company's MOI to be delivered by the company to the shareholder must be delivered by the company to the shareholder (section 58(6)(a)), or the proxy or proxies, if the shareholder has directed the company to do so in writing and paid any reasonable fee charged by the company for doing so (section 58(6)(b)).

9. A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction, except to the extent that the MOI or proxy instrument provides otherwise (section 58(7)).

10. If a company issues an invitation to shareholders to appoint one or more persons named by the company as a proxy, or supplies a form of proxy instrument.

    10.1 the invitation must be sent to every shareholder entitled to notice of the meeting at which the proxy is intended to be exercised (section 58(8)(a));

    10.2 the invitation or form of proxy instrument supplied by the company must:

    10.2.1 bear a reasonably prominent summary of the rights established in section 58 of the Companies Act (section 58(8)(b)(i));

    10.2.2 contain adequate blank space, immediately preceding the name(s) of any person(s) named in it, to enable a shareholder to write the name, and if desired, an alternative name of a proxy chosen by the shareholder (section 58(8)(b) (ii)); and

    10.2.3 provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour of or against any resolution(s) to be put at the meeting, or is to abstain from voting (section 58(8)(b)(iii));

    10.3 the company must not require that the proxy appointment be made irrevocable (section 58(8)(c)); and

    10.4 the proxy appointment remains valid only until the end of the meeting at which it was intended to be used, subject to paragraph 7 above (section 58(8)(d)).

FORM OF PROXY

CAXTON&CTP publishers & printers LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1947/026616/06)
Share code: CAT ISIN: ZAE000043345
Preference share code: CATP ISIN: ZAE000043352
("Caxton" or "the company")

For use by certificated shareholders and dematerialised shareholders with own name registration at the annual general meeting of the holders of ordinary shares in the company ("Caxton shareholders") to be held in the boardroom, Caxton House, 368 Jan Smuts Avenue, Craighall Park, Johannesburg at 10:00 am on Wednesday, 7 December 2016.

I/We (full names)

of (address)

being the registered holder/s of ordinary shares in the capital of the company, hereby appoint (see note 1):

1. or failing him/her,

2. or failing him/her,

the chairman of the annual general meeting, as my/our proxy to act for me/us at the annual general meeting for the purposes of considering and, if deemed fit, passing, with or without modification, the ordinary and special resolutions to be proposed thereat, and at each adjournment thereof, and to vote for or against such resolutions or abstain from voting in respect of the ordinary shares registered in my/our name/s in accordance with the following instructions (see note 2):

		For	Against	Abstain
	Ordinary resolutions			
1.	To adopt the annual financial statements for the year ended 30 June 2016			
2.	To place unissued ordinary shares of the company under the control of the directors			
3.1	To re-elect Mr PM Jenkins as director of the company			
3.2	To re-elect Ms T Slabbert as director of the company			
4.	To re-appoint Grant Thornton Johannesburg Partnership as the independent auditors and to register Ms MA da Costa as the designated auditor			
5.1	To re-elect Ms T Slabbert as member and chairman of the Audit and Risk Committee			
5.2	To re-elect Mr ACG Molusi as member of the Audit and Risk Committee			
5.3	To re-elect Mr NA Nemukula as member of the Audit and Risk Committee			
6.	To authorise any director or the Company Secretary to sign documentation to effect ordinary and special resolutions passed			
	Special resolutions			
1.	To approve the general authority for the company and/or subsidiary to acquire the company's own shares			
2.	To approve the remuneration of the non-executive directors			
3.	To approve financial assistance to related or inter-related companies			
4.	To approve financial assistance for subscription for or purchase of securities			
	Advisory resolution			
1.	To approve the remuneration policy as set out in the corporate governance report			

Signed at on 2016

Signature

Assisted by (where applicable)

Each Caxton shareholder is entitled to appoint one or more proxy/ies (who need not be a shareholder/s) of the company to attend, speak and vote in his/her stead at the annual general meeting.

Please read the notes on the reverse hereof.

NOTES

1. 1. A Caxton shareholder may insert the name of a proxy or the names of two alternative proxies of his/her choice in the space/s provided, with or without deleting "the chairman of the annual general meeting", but any such deletion must be initialled by the shareholder concerned. The person whose name appears first on this form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those names that follow.

2. The shareholder's instruction to the proxy must be shown by indicating in the appropriate boxes provided the manner in which that shareholder wishes to vote by inserting an "X" in the relevant box unless a shareholder wishes to split his/her votes. In this case, the relevant number of shares to be so voted must be indicated in the relevant box. Failure to comply with the above will be deemed to authorise the proxy to vote, or abstain from voting, at the annual general meeting as he/she deems fit, in respect of all the shareholder's votes exercisable thereat.

3. A Caxton shareholder or his/her proxy is not obliged to use all the votes exercisable by the member or to cast all these votes exercised in the same way, but the total of the votes cast, and in respect whereof abstention is recorded, may not exceed the total of the votes exercisable by the member. Failure to comply with the above will be deemed to be authority to the chairman of the annual general meeting, if the chairman is the authorised proxy, to vote in favour of any resolution proposed at the annual general meeting or any other proxy to vote or abstain from voting, at the annual general meeting as he/she deems fit, in respect of the shares concerned.

4. Forms of proxy and any power of attorney by virtue of which such proxy is signed (or a notarially certified copy of such power of attorney) must be lodged at or posted to the transfer secretaries of the company, Computershare Investor Services Proprietary Limited (70 Marshall Street, Johannesburg, 2001 or PO Box 61051, Marshalltown, 2107), to be received by no later than 10:00 am on Monday, 5 December 2016.

5. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.

6. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Company's Secretary or waived by the chairman of the annual general meeting.

7. If you are a dematerialised shareholder, other than by own name registration, you must inform your appointed Central Securities Depository Participant ("CSDP") or broker of the manner in which you wish to vote in order for them to notify the Company Secretary by no later than 10:00 am on Monday, 5 December 2016. Only registered certificated shareholders recorded in the main register of members of the company or under own names in the dematerialised register, may complete a form of proxy or alternatively attend the annual general meeting.

8. Dematerialised shareholders who are not registered under their own names who wish to attend the annual general meeting or vote by proxy must contact their CSDP or broker who will provide them with the necessary authority to do so, or carry out their instructions.

9. The chairman of the annual general meeting may reject or accept any form of proxy which is completed and/or received, other than in compliance with the Memorandum of Incorporation of the company or these notes.

ADMINISTRATION

Caxton and CTP Publishers and Printers Limited
Incorporated in the Republic of South Africa
Registration number 1947/026616/06
Share code: CAT ISIN: ZAE000043345
Preference share code: CATP ISIN: ZAE000043352

Registered address
28 Wright Street
Industria West
Johannesburg, 2093

Postal address
PO Box 43587
Industria, 2042

Company Secretary
N Sooka

Auditors
Grant Thornton Johannesburg Partnership
52 Corlett Drive
Wanderers Office Park
Illovo
Johannesburg, 2196

Attorneys
Fluxmans Inc.
30 Jellicoe Avenue
Rosebank
Johannesburg, 2196

Bankers
First National Bank
Bank City, Johannesburg, 2001

Sponsor
Arbor Capital Sponsors Proprietary Limited
Registration number 2006/033725/07
Ground Floor, One Health Building
Woodmead North Office Park
54 Maxwell Drive
Woodmead, 2191
(Suite # 439, Private Bag X29, Gallo Manor, 2052)

Transfer Secretaries
Computershare Investor Services Proprietary Limited
70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)

Telephone: +27 11 370 5000

CAXTON&CTP publishers & printers LIMITED